Business Plan Bootcamp

West Yorkshire
Enterprise Agency

Four Simple Steps to Business Success: Workshop 2

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Who's this workshop for?

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- **You're new to business ownership or self-employment:**
  - You're just starting out in business and need to write your business plan to:
    - Raise start up cash
    - Clarify your business idea
- **You're already in business:**
  - You need to write a business plan to raise finance for your business e.g. a new project
  - You want to find out what a good business plan looks like

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What this workshop is about

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- Starters
  - – taking a step back
  - – the ingredients of a good business plan
- Main course
  - – the meat on the bones of a good business plan
- Afters
  - – Your action plan
  - – Finding out about further support

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Introduce yourself

- What's your name?
- What's your business & why is it great?
- What do you hope to learn from this workshop?

Your Action Plan

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4 Simple Steps to Business Success Action Plan

Date: ____________________ My Name: ________________________________

Course Name	What I will START doing	What I will STOP doing	What I will CONTINUE doing
Being Your Own Boss			
Business Plan Bootcamp			
Starting and Running Your Business			
Marketing and Selling			

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Taking a Step Back

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- Working on your business instead of in it:
  - How do you feel about business plans?
  - Why do we have business plans?
  - What makes a good business plan?

What do YOU think?

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New Enterprise Allowance

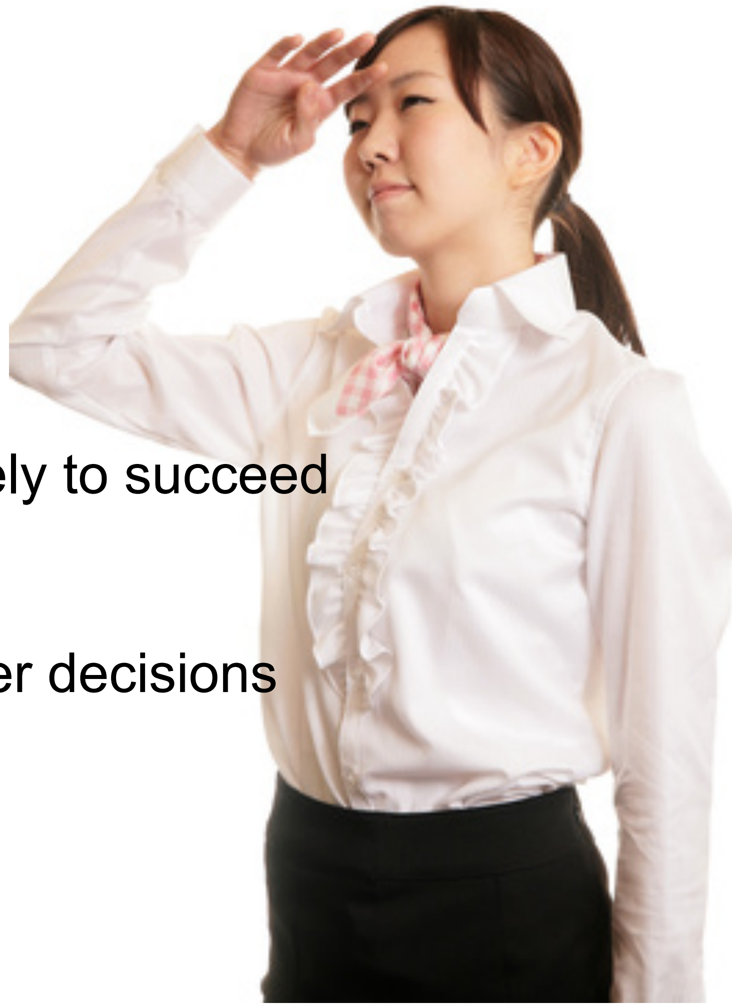
- Free Workshops (Four Simple Steps to Business Success)
- Initial meeting with ‘Enterprise Facilitator’
- Personal Business Mentor (one to one or group format)
- Support with business planning
- New Enterprise Allowance payments
- Optional business loan up to £2,500
- Sign posting to further sources of support

New Enterprise Allowance Process

1. **Attend the Workshops**
2. **Initial meeting with ‘Enterprise Facilitator’:**
   – Offer to match you with a mentor (individual or group) OR
   – Further research, development and support
3. **Business Planning**
   – Mandatory business plan within 8 weeks of meeting your mentor
   – Financials: Personal Survival Budget, Cash flow forecast (1 year cash flow without loan or 2 years cash-flow if applying for the loan), Profit and loss forecast
   – Submit to WYEA for review and approval
4. **Start Trading**
   – Max.13 weeks after business plan acceptance to start business, sign off JSA and onto NEA
   – Talk with Mentor as required e.g. every month
   – After 26 weeks NEA finishes (and possibly other benefits as well)

Why have a business plan?

- Because you have to have one!
  - Applying for a loan
  - Looking for investment
  - Your support scheme demands one
- Because they should help you:
  - Clarify your ideas and so be more likely to succeed
  - Get focussed and stay focussed
  - Control your business and make better decisions
  - Not waste money



What makes a good business plan?

- Think of your reader!
  - Use plain English
  - Bullet points are encouraged
  - Less is more, don't over complicate it
  - Sections need flow logically, no 100% correct layout
- Nicely laid out
  - Written using a word processor (ideally)
  - Easily legible typeface and size
  - Not too many graphics
  - Sensible file size as it will be emailed

Less is More

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Less of this (with apologies to the author…):

“So key strengths are the ability to identify what motivates the marketplace to engage with the company as investing with a view to profit is not always the main motivation so lifestyle changes, being an own boss, scaling up a company's resources or assisting them to scale the resource down and tailor technology to them and the same from personal qualities tolerance of ambiguity, open mind, persistence, achievement and low fear of failure to create a business that offers stability and in terms of organisational qualities happy to set obtainable objectives will still pushing for the best results and working with other people whilst planning out activities and accept risks associated.”

Less is More

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More of this:

- "I intend to offer a wide range of services and property repairs, including a 24 hour emergency call out facility.
- I have a good working knowledge of plumbing, electrical, building and roofing repairs.
- I intend to operate the business from my home address."

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“By failing to prepare, you are preparing to fail.”
(Benjamin Franklin 1706 - 1790)

FAIL TO PLAN, PLAN TO FAIL

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The Business Plan Template

- Aims, goals and objectives
- Overview of the business
- Why your idea will work
  - Research, competition, your business strengths, people
  - How you will sell it (marketing)
- Finances
  - Personal survival budget, cashflow, profit and loss.
- Not how it's written, but how it's logically organised

The Business Plan Template

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- Overview of the business
  - – My business idea, described in simple terms
- Aims, goals and objectives
    - Your personal aims e.g. certainty of work, do a good job, provide for family
    - Your business aims e.g. replace your income, global domination!
    - Short-term and longer term if appropriate e.g. Year 1 open a health food shop; year 3 turn it into a franchise
    - Workshop 1 Be Your Own Boss: Goal Setting

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The Business Plan Template

- Why your idea will work
  - Aim is to convince the reader
  - Positive but realistic
  - Market research (which you have already carried out!)
    - What's the opportunity (Customer Wants What You Have)
    - Doesn't need to be enormous to have a good business
    - Competitor analysis
  - Competent people involved (you, partner, accountant, mentor etc.)
- Follow on workshops
    - Workshop 1 Be Your Own Boss: Goal Setting, Market Research
    - Workshop 4 Marketing and Selling: Positioning yourself against competition

S.W.O.T. Analysis

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Internal

Strengths	Weaknesses
Opportunities	Threats

External

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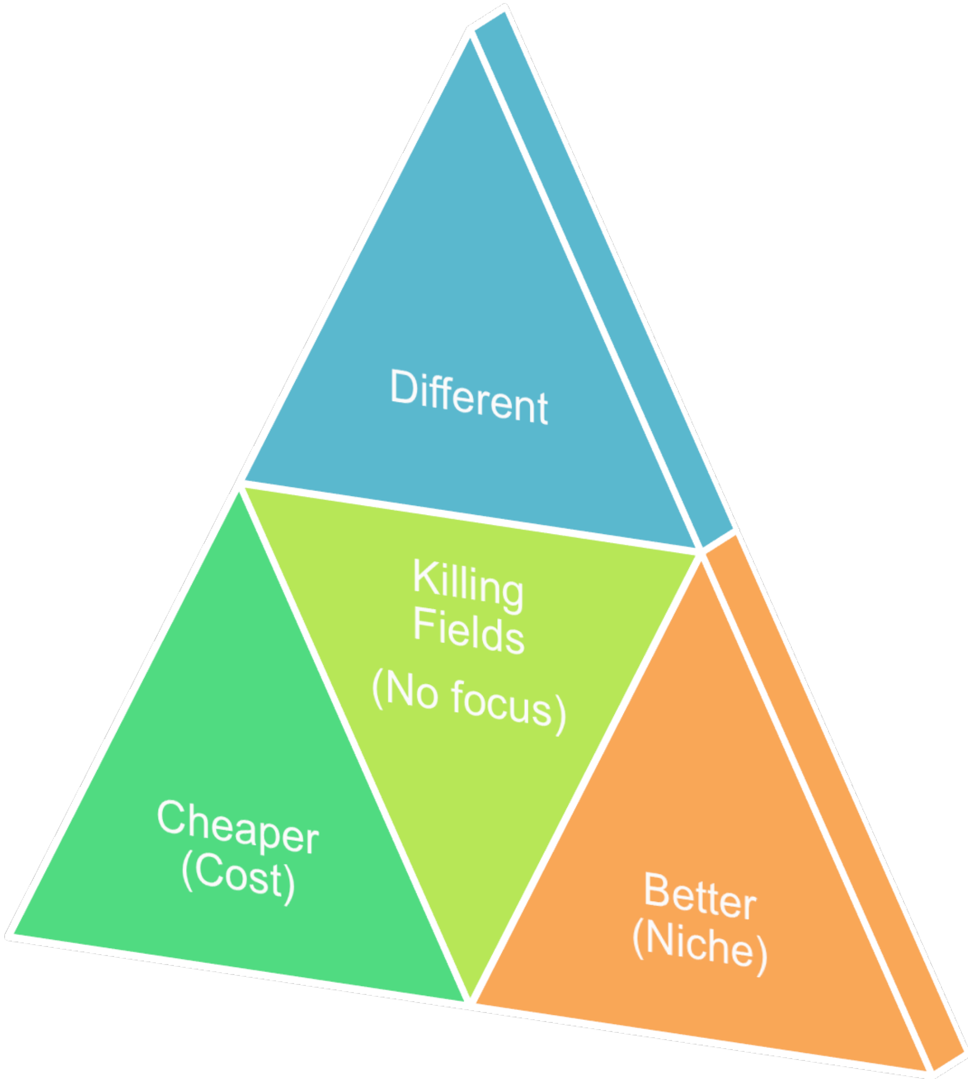
It’s a competitive market



Definition of Business

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Business is simple

1. Sell it
2. Make it
3. Get paid for it

Or even better

1. Sell it
2. Get paid for it
3. Make it

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Discussion

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How will you price your products and services?

> What are the different ways you can think of to price your goods?

> How might your pricing change over time?

> What might work for you?

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The Business Plan Template

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- Marketing (4 Ps in marketing theory)
  - Products and Services
  - Pricing
  - Route to market (distribution, or ‘placement’)
  - Advertising (promotion)
- Follow on workshops
  - Workshop 4 Marketing and Selling
  - Workshop 5 Starting Up Social Media

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Like it or Not, Money Makes the World Go Around.

FINANCIAL PLANNING

The Business Plan Template

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- Financial aspects of the business plan:
  - Personal needs
    - Personal Survival Budget (NEA)
  - Business start up
    - Startup capital needs
      - Computer? Printer? Vehicle? Flyers and business cards?
    - Startup funding sources
      - Where will it come from?
  - Business trading
    - Profit and loss forecast
    - Cash flow forecast (one or two years depending on loan)

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The Business Plan Template

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“Business Owner, meet Business Plan. Business Plan, meet Business Owner.”

Template available from info@wyea.co.uk

My Business Plan

Your Name	
Business Name	
Address	
Postcode	
Telephone Number	
E-Mail	
Web Address	

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The Business Plan Template

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Your Personal Survival Budget

- Personal expenditure (costs)
  - Monthly or annually – don’t mix and match
  - Housing costs: mortgage / rent, council tax, energy, insurance, phone
  - Personal motoring: car tax, insurance, running expenses
  - You, friends and family: food clothing, gifts, entertainment, savings
- Personal income
  - New Enterprise Allowance £1,275 for 26 weeks (personal, not business)
  - Income from partner?
  - Other sources of income?

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The Business Plan Template

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Sources of Start up Capital

- New Enterprise Allowance
  - Benefit payments
  - Business Loan
- Personal
  - Redundancy
  - Savings
  - Friends and family
- Other
  - Investors
  - Banks
  - ‘Gap’ funding e.g. WYEA
  - Crowd Funding (e.g. Rebuildingsociety.com)

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The Business Plan Template

Items on the Profit and Loss

- Income ('Turnover')
  - Sales income
  - Other income (e.g. rent, grants, interest)
- Costs
  - Costs of sale (e.g. productive labour, materials, postage & packing) vary with sales.
  - Overheads (e.g. rent, bank, marketing, salaries) are usually fairly fixed.

Profit and Loss Sheet

Sales	£20,000
Other income	£0
Cost of sale ('direct expenses')	£5,000
Gross Profit	**£15,000**
Overheads	£5,000
Net profit before tax	**£10,000**

The Business Plan Template

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Items on the Profit and Loss

- Income ('Turnover')
  - Sales income
  - Other income (e.g. rent, grants, interest)
- Costs
  - Costs of sale (e.g. productive labour, materials, postage & packing)
  - Overheads (e.g. rent, bank, marketing, salaries)

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The Cash Flow Forecast

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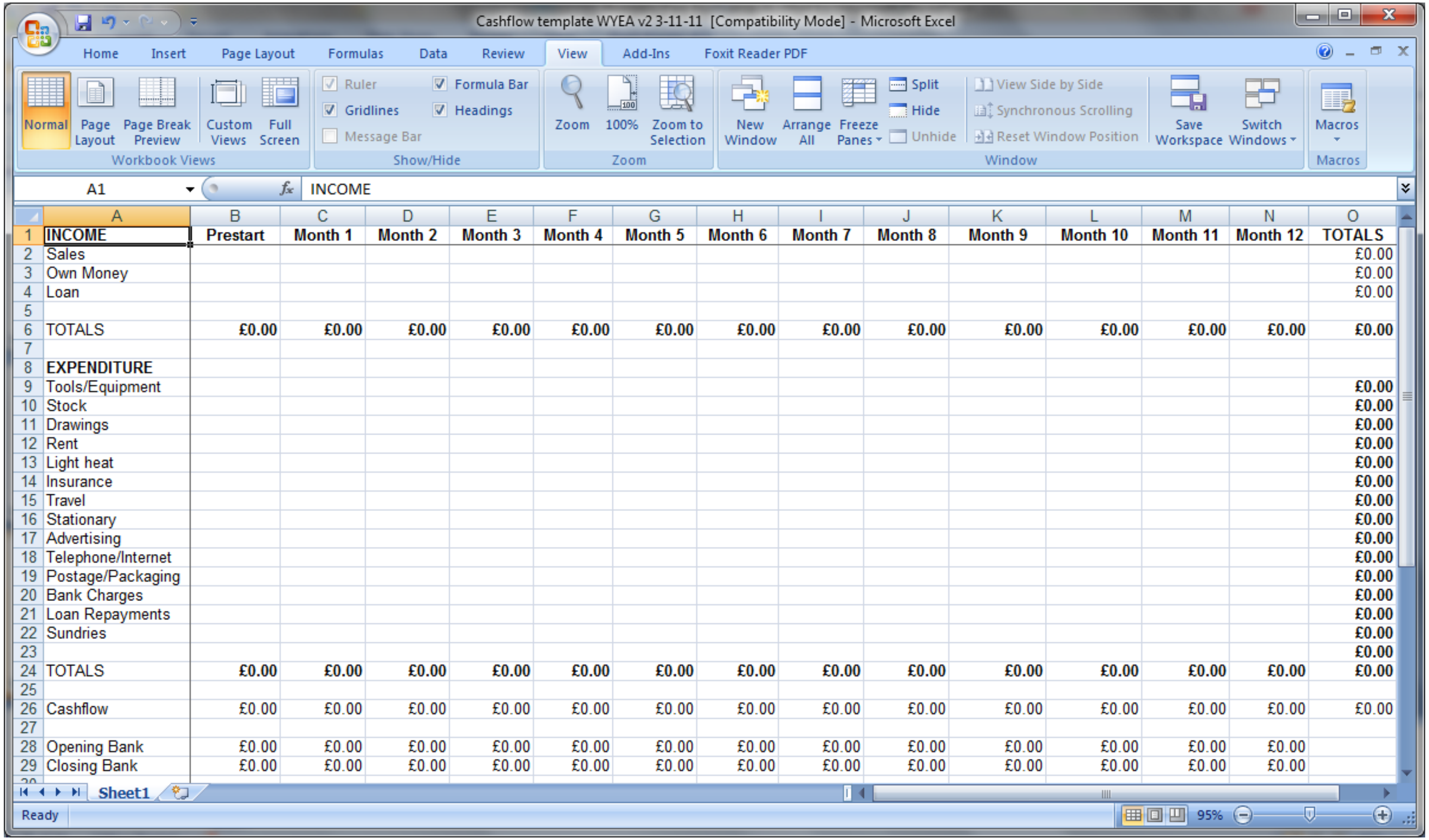

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	**INCOME**	**Prestart**	**Month 1**	**Month 2**	**Month 3**	**Month 4**	**Month 5**	**Month 6**	**Month 7**	**Month 8**	**Month 9**	**Month 10**	**Month 11**	**Month 12**	**TOTALS**
2	Sales														£0.00
3	Own Money														£0.00
4	Loan														£0.00
5															
6	TOTALS	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**
7															
8	**EXPENDITURE**														
9	Tools/Equipment														**£0.00**
10	Stock														**£0.00**
11	Drawings														**£0.00**
12	Rent														**£0.00**
13	Light heat														**£0.00**
14	Insurance														**£0.00**
15	Travel														**£0.00**
16	Stationary														**£0.00**
17	Advertising														**£0.00**
18	Telephone/Internet														**£0.00**
19	Postage/Packaging														**£0.00**
20	Bank Charges														**£0.00**
21	Loan Repayments														**£0.00**
22	Sundries														**£0.00**
23															**£0.00**
24	TOTALS	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**
25															
26	Cashflow	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
27															
28	Opening Bank	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	
29	Closing Bank	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	

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Cash is King

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"Annual income twenty pounds, annual expenditure nineteen pounds nineteen and six, result happiness. Annual income twenty pounds, annual expenditure twenty pounds nought and six, result misery."

PERHAPS THE ULTIMATE TEST OF YOUR BUSINESS PLAN IS "WILL YOU RUN OUT OF CASH?"!

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Exercise: Cash Flow and Profit & Loss Forecasting

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You are planning to set up a new decorating business with your business partner.

Working as a team, where in your cash flow template would you place each item of cost & income?

The items to use in the exercise are shown on the next slide.

When you have completed the exercise, we will translate the cash flow into a profit and loss forecast.

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Cash Flow Forecasting Exercise

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Start up costs		Overheads	
Van	£1,000	Public liability insurance (annual)	£150
Tools and equipment	£500	Mobile phone bill (monthly)	£20
Income		Business cards and flyers	£100
Average weekly billings	£500	Accountant	£500
NEA loan	£2,500	Car insurance (annual)	£300
Costs of Sale		NEA loan repayments	£76
B&Q monthly bill	£125		
Monthly petrol bill	£200		

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Cash Flow Exercise Solution

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INCOME	Prestart	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	TOTALS
Sales	£0.00	£100.00	£750.00	£2,000.00	£2,225.00	£2,525.00	£2,900.00	£2,500.00	£2,500.00	£2,500.00	£2,500.00	£3,000.00	£2,500.00	£26,000.00
Own Money	£0.00													£0.00
Loan	£2,500.00													£2,500.00
TOTALS	**£2,500.00**	**£100.00**	**£750.00**	**£2,000.00**	**£2,225.00**	**£2,525.00**	**£2,900.00**	**£2,500.00**	**£2,500.00**	**£2,500.00**	**£2,500.00**	**£3,000.00**	**£2,500.00**	**£28,500.00**
EXPENDITURE														
Tools/Equipment	£1,500.00													**£1,500.00**
Stock		£125.00	£125.00	£125.00	£125.00	£125.00	£125.00	£125.00	£125.00	£125.00	£125.00	£125.00	£125.00	**£1,500.00**
Drawings		£100.00	£200.00	£300.00	£2,000.00	£2,000.00	£2,000.00	£2,000.00	£2,000.00	£2,000.00	£2,000.00	£2,000.00	£2,000.00	**£18,600.00**
Rent														**£0.00**
Light heat														**£0.00**
Insurance		£450.00												**£450.00**
Travel		£200.00	£200.00	£200.00	£200.00	£200.00	£200.00	£200.00	£200.00	£200.00	£200.00	£200.00	£200.00	**£2,400.00**
Stationary														**£0.00**
Advertising	£0.00	£100.00												**£100.00**
Telephone/Internet		£20.00	£20.00	£20.00	£20.00	£20.00	£20.00	£20.00	£20.00	£20.00	£20.00	£20.00	£20.00	**£240.00**
Postage/Packaging														**£0.00**
Bank Charges														**£0.00**
Loan Repayments		£76.00	£76.00	£76.00	£76.00	£76.00	£76.00	£76.00	£76.00	£76.00	£76.00	£76.00	£76.00	**£912.00**
Sundries													£500.00	**£500.00**
														£0.00
TOTALS	**£1,500.00**	**£1,071.00**	**£621.00**	**£721.00**	**£2,421.00**	**£2,421.00**	**£2,421.00**	**£2,421.00**	**£2,421.00**	**£2,421.00**	**£2,421.00**	**£2,421.00**	**£2,921.00**	**£26,202.00**
Cashflow	£1,000.00	-£971.00	£129.00	£1,279.00	-£196.00	£104.00	£479.00	£79.00	£79.00	£79.00	£79.00	£579.00	-£421.00	£2,298.00
Opening Bank	£0.00	£1,000.00	£29.00	£158.00	£1,437.00	£1,241.00	£1,345.00	£1,824.00	£1,903.00	£1,982.00	£2,061.00	£2,140.00	£2,719.00	
Closing Bank	£1,000.00	£29.00	£158.00	£1,437.00	£1,241.00	£1,345.00	£1,824.00	£1,903.00	£1,982.00	£2,061.00	£2,140.00	£2,719.00	£2,298.00	

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Annual Profit and Loss Forecast

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Sales	£26,000	
Other income	£0	
Cost of sale ('direct expenses')	£3,900	Stock (£125 x 12) £1,500 + Travel (£200 x 12) £2,400
Gross Profit	**£22,100**	
Overheads	£2,202	Insurance (£300 + £150) £450 + Flyers £100 + Telephone (£20 x 12) £240 + Loan repayments (£76 x 12) £912 + Accountant £500
Net profit before tax	**£19,898**	

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Planning isn't an Exact Science

"In preparing for battle I have always found that plans are useless, but planning is indispensable."

Dwight D. Eisenhower

(1890 – 1969)

Next Steps

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4 Simple Steps to Business Success Action Plan

Date: ______________________ My Name: ____________________________________

Course Name	What I will START doing	What I will STOP doing	What I will CONTINUE doing
Being Your Own Boss			
Business Plan Bootcamp			
Starting and Running Your Business			
Marketing and Selling			

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Taking a Step Forward

- How do you feel about business plans now?
- Why will YOU have a business plan?
- What will make YOUR business plan work?

Useful Web Sites

- Business Doctors
  - Downloads
  - Action Plan
  - Business Plan
  - Cashflow Forecast
- Businessballs
  - www.businessballs.com
  - business models, tips and stories
- Federation of Small Business
  - www.fsb.org.uk
  - Representation and membership benefits
- Groundwork
  - www.groundwork.org.uk
  - Free training in the event of redundancy
- HM Revenue & Customs
  - www.hmrc.gov.uk
  - Tax, VAT, expenses, mileage, help
- Mid Yorkshire Chamber of Commerce
  - www.mycci.co.uk
  - Networking and membership benefits
- West Yorkshire Enterprise Agency
  - www.wyea.co.uk
  - Funding and support
  - Training Courses wyea.eventbrite.co.uk
- Your Local Council
- UK Government
  - www.direct.gov.uk