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[Business plan title]

[Business plan subtitle]

Table of contents

1. [Executive summary 2](#_Toc13817570)

[Highlights](#_Toc13817571)

[Objectives](#_Toc13817572)

[Mission statement](#_Toc13817573)

[Keys to success](#_Toc13817574)

1. [Description of business 2](#_Toc13817575)

[Company ownership/legal entity](#_Toc13817576)

[Location](#_Toc13817577)

[Interior](#_Toc13817578)

[Hours of operation](#_Toc13817579)

[Products and services](#_Toc13817580)

[Suppliers](#_Toc13817581)

[Service](#_Toc13817582)

[Manufacturing](#_Toc13817583)

[Management](#_Toc13817584)

[Financial management](#_Toc13817585)

[Start-up/acquisition summary](#_Toc13817586)

1. [Marketing 2](#_Toc13817587)

[Market analysis](#_Toc13817588)

[Market segmentation](#_Toc13817589)

[Competition](#_Toc13817590)

1. [Appendix 2](#_Toc13817592)

[Start-up expenses](#_Toc13817593)

[Balance sheet](#_Toc13817598)

[Sales forecast](#_Toc13817599)

[Milestones](#_Toc13817600)

[Miscellaneous documents](#_Toc13817602)

# Executive summary

*The best practice is to write this section last, so that you may summarize the most important points from your business plan. Here’s where you really want to ‘sell’ your business, because if you don’t grab the reader’s interest here, they won’t read any further.*

*Provide a concise description of your company, including objectives and accomplishments to date. If you have not started your business, it should also include how you will measure your ‘success.’*

*\*Please delete all text in grey prior to submitting.*

## Highlights

Include key business highlights such as a chart showing sales, expenses and/or net profit over years.

\*To replace the sample data with yours, right click on the chart and click ‘Edit data.’

## Objectives

Include the main objectives of your business as well as a timeline of the goals you hope to achieve.

## Mission statement

Your mission statement should include the reason your business exists, the products and services you provide and how you provide them, who your customer base is, and where you operate. In other words, the who, what, where, when, how and why of your business..

## Keys to success

Describe unique or distinguishing factors that will help your business succeed. Name and quantify the things that you will need to do in order to accomplish the goals you have identified.

[Read more](https://www.hiscox.com/blog/10-important-personal-characteristics-entrepreneurs) about the ten important characteristics for successful entreprenurs.

# Description of business

Provide a concise description based on facts about your business. What do you sell? Who are your customers? How do you provide your product or service to customers? Is this an existing business or a startup? Is the business online, brick and mortar, or some combination?

Expand on why you started the business and what makes it different. What problem is your business trying to solve? What makes it unique and competitive, and why would a customer choose to do business with you?

## Company ownership/legal entity

Indicate whether your business is a sole proprietorship, corporation (type) or partnership. If appropriate, define the business type (such as manufacturing, merchandising or service). Include information on the owners and their shares in the business.

If licenses or permits are required, describe the requirements for acquiring them and where you are in the process.

If you have not already stated whether this is a new independent business, a takeover, a franchise or an expansion of a former business, include that here.

*Not sure about your business structure? Reference Tip:* [*Read our post*](https://www.hiscox.com/blog/what-difference-between-dba-llc-and-sole-proprietorship) *on the differences between a sole proprietor, Doing Business As (DBA) and an LLC.*

## Location

Location is essential to some types of businesses, but less so for others.

* If you have already chosen your location, describe it and its advantages.
* If you don’t have a location yet, describe the criteria for determining a location for your business.
* Note if your business does not require a specific location consideration

If you do not yet have a location, discuss the kind of location are you looking for and where you are looking. Is there a location that would be desirable for marketing? Is your location accessible by public transportation?

Discuss the access and traffic flow? Are there sufficient parking spaces in the surrounding area?

## Interior

For some businesses, the interior of the business is just as important as the location. If this is the case for your business, describe what works well. How will you ensure you get the most out of your space?

If applicable, how will you showcase products? Does the layout have features and flow that will contribute to the ambiance and help increase sales?

Describe any special features of your business interior that you feel could give you an edge over competitors.

## Hours of operation

It’s important to list your hours, especially for seasonal ventures.

## 

## Products and services

Describe your products or services and why there is a demand for them. What is the potential market? How do they benefit customers? What is it about your products or services that gives you a competitive edge?

If you are selling several lines of products or services, describe what’s included. Why did you choose this balance of offerings? How do you adjust this balance to respond to market demands?

For product-based businesses, do you have or need inventory controls? Do you have to consider lead time when reordering any items? Do you need an audit or security systems to protect inventory?

Notes:

* If your products and /or services are more important than your location, move this topic before location and hours of business.
* If you are providing products only or services only, delete the part of this heading that is inappropriate.

## Suppliers

Include information in this section about the suppliers who provide materials or finished goods to your business. Be sure to mention if there are any financial arrangements with your suppliers and how this is important for your business. If you rely heavily on just one supplier, identify other suppliers you could use if there was a problem with your vendor of choice.

## Service

Use this section to address the level and means of service you will provide to customers before, during and after the sale. This is just as important for business products.

How will you differentiate your service(s) from competitors?

## Manufacturing

If your business manufactures any products, describe your facilities and any special machinery or equipment.

Without revealing proprietary information, describe the manufacturing process. If you have yet to cover this in product and services sections, how will you sell products that you manufacture? Directly to the public? Through a wholesaler or distributor? Describe these relationships in detail if you have them.

## Management

How will your background or experience help you to make this business a success? How active will you be in the day-to-day operation of the business, and what areas of management will you delegate to others?

Describe any other people who will be/are managing your business, including the following:

* What are their qualifications? (résumés can be attached in the Appendix)
* What are their strengths and how will these strengths support your business?
* What are their responsibilities and are they clearly explained? (This is especially important for partnerships)
* Which skills does the management team require, but do not possess? How will you address this?

If your business has employees, what does the company hierarchy look like? What training and support will be offered? Will there be a company handbook?

If your business is a franchise, what type of help can you expect from the franchisor, and for how long? Include details about procedures and operations by the franchisor.

## Financial Management

Based on the products or services offered and your sales projections, how long will it take for the company to be profitable? Will the business provide steady cash flow or will there be challenges such as seasonality, accounts receivable or debt?

The full details of your start-up and operating costs should be outlined in the Appendix. However, you can refer to relevant tables, charts or page numbers as you summarize your start-up financial needs and operating budget.

* Start-up needs should include any one-time purchases, such as equipment, deposits, legal fees, licenses or permits, and design or renovation of your location. .
* Once you are ready to open the doors to your business, you will need to establish an operating budget to help prioritize expenses. It should include the money that is essential for your business operations to survive the first three to six months. Indicate how you will manage the finances of your business. Include the following expenses: rent, insurance, utilities, payroll, loan payments, office supplies, travel and entertainment, legal, accounting, advertising, repairs and any other categories relating to your business.

You may also include the type of accounting or inventory management system you plan to use here.

*Need advice on managing cash flow? Reference Tip: Read our recommendations on* [*managing your cash flow*](https://www.hiscox.com/blog/7-tips-small-businesses-manage-cash-flow)*.*

[*Read*](https://www.hiscox.com/blog/small-business-management-4-things-know-about-credit) *more about managing your business’s credit.*

Summarize important details pertaining to starting or acquiring your business if applicable.

# Marketing

Marketing is an essential piece of your business’s success or failures. Who are your customers? What do they need or want? What are their expectations?

## Market analysis

What is your target market (who is most likely to buy your products/services)? Who is the demographic and what is the potential size of your customer base?

Where are they located? How will you plan to market to them, so they know who you are, where you are and what you have to offer? How do you know there is a market for your product/service?

Is the market you are trying to reach, growing, shrink or static?

What percentage of the market do you believe you may reach? How do you plan on growing your market share?

\*Note you may want to include a chart, such as the one below, to quickly demonstrate the points above.

## 

## Market segmentation

Is your target market segmented? Are there different levels of your target makret looking for a difference in quality, price or range of products?

Is the market segmentation based on geographic area, product lines, pricing or other criteria? Which market segment will your primary business appeal to? What percent of this segment will your business capture?

\*Note: A pie chart is a great way to showcase part-to-whole relantionships, such as total target market and caputred target markets. Remember, to change the shape of the data tables, right-click a lable and then click change data label shapes.

## Competition

Who else is trying to do what you are doing?

Briefly describe several of your nearest and greatest competitors. What percentage of the market does it reach? What are their strengths and weaknesses? What can you learn from the way they do business, from their pricing, advertising and general marketing approaches? How do you expect to compete? How do you hope to do better?

What indirect competition will you face, such as internet sales, department stores or international imports?

How will you keep up-to-date on technology and changing trends that may affect your business in the future?

### Advertising and promotion

How do you plan on advertising your business?

How will you establish your advertising budget? Will you advertise on a regular basis or will you run seasonal campaigns?

How will you package your products? Have you conducted any research to discover what type of packaging will appeal to your customers? Have you conducted a cost analysis of different types of packaging?

*If social media is part of your advertising plans, you may want to review our* [*Social Media for Business Blog Post.*](https://www.hiscox.com/blog/social-media-business-101)

*Reference Tip: For more information on how to start your marketing strategy, please vist our* [*blog post.*](https://www.hiscox.com/blog/marketing-ideas-to-promote-your-small-business)

Appendix

## Determining startup capital

When you’re starting a business, you’ll have two types of costs. One is true startup costs, which includes one-time purchases like equipment, furniture, and so on. The other is ongoing expenses, like materials and supplies, payroll, rent, and so on. To determine how much money you’ll need to get started, you need to factor in both of these types of costs.

For your fixed one-time costs, determine what you’ll need and estimate the cost of each item. This can range from a laptop and printer for a consultant who will be working out of their home, to machinery and warehouse space for a manufacturing concern. (If yours is an existing business, you will have already incurred these expenses, so you don’t need to include them here.)

For your ongoing expenses, you should estimate how much it will cost to run your business each month for at least the next twelve months. These expenses can include:

Rent

Payroll

Materials, if you’re producing a product

Supplies

Shipping or delivery expenses

Professional services, like a bookkeeper or attorney

Travel

Any other expenses your business will incur on an ongoing basis.

You should also estimate how much revenue you expect to bring in by month for the same period. By offsetting your expenses against your revenue, you can see the point at which you can expect to become profitable.

The table below can help. Fill in your expected cash in (revenues) and cash out (expenses) each month. Once your ending balance is positive, your business is profitable. Add up all the expenses prior to that time to determine how much you will need to get to profitability.

|  | Month 1 | Month 2 | Month 3 | Month 4 | Month 5 | Month 6 | Month 7 | Month 8 |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Starting cash | $0.00 |  |  |  |  |  |  |  |
| Cash in: |  |  |  |  |  |  |  |  |
| Cash sales paid |  |  |  |  |  |  |  |  |
| Receivables |  |  |  |  |  |  |  |  |
| *Total cash in* |  |  |  |  |  |  |  |  |
| Cash out: |  |  |  |  |  |  |  |  |
| Rent |  |  |  |  |  |  |  |  |
| Payroll |  |  |  |  |  |  |  |  |
| Other |  |  |  |  |  |  |  |  |
| *Total cash out* |  |  |  |  |  |  |  |  |
| Ending balance |  |  |  |  |  |  |  |  |
| Change (cash flow) |  |  |  |  |  |  |  |  |

## 

## Balance sheet

A balance sheet is a snapshot of your business’s financial condition at a specific point in time.

For established businesses, below are guidelines for what items to include in a balance sheet.

* Assets are anything of value that is owned or legally due to a business. Assets are expressed in net values – the amount that results from subtracting depreciation from original cost when the asset was originally acquired.

*Current assets:*

* Cash: money in the bank or resources that can be liquidated or cashed within 12 months from the date of balance sheet.
* Petty Cash: a cash fund for small, miscellaneous expenses.
* Accounts Receivable: amounts due from clients for products or services.
* Inventory: Raw materials on hand, works-in-progress and all finished goods.
* Short-Term Investments: Interest or dividend-yielding holdings expected to be turned into cash within a year, i.e.: stocks, bonds, CDs and savings accounts. These should be included at either their cost or current market value, whichever is less. Short-term investments may also be referred to as “temporary investments” or “marketable securities.”
* Long-Term Investments: Holdings that a business intends to hold for at least a year. This is also known as long-term assets and are usually interest or dividend paying stocks, bonds, or savings accounts.
* Fixed Assets: This term includes all resources that a business owns or acquires for the use in its operations that are not intended for resale. They may be leased rather than owned and depending upon leasing arrangements, may need to be included as both an asset for value and as a liability. Fixed assets include land, buildings, improvements, equipment, furniture and vehicles.

*Liabilities:*

* Current Liabilities: Include all debts, financial obligations and claims payable within 12 months.
* Accounts Payable: Amount due to suppliers for goods and services purchased for the business.
* Notes Payable: Balance of the principle dude on short-term debt, or funds borrowed to operate the business. This also includes current amount due on notes whose term exceed 12 months.
* Interest Payable: Accrued amounts due on both short- and long-term borrowed funds and credit to the business.
* Taxes Payable: Amounts incurred during account period covered by the balance sheet.
* Long-Term Liabilities: Notes, contract payments or mortgage payments due over 12 months. These should be listed by outstanding balances less than the current position due.
* Net worth: Also, referred to as owner’s equity. This is the amount of the claim of owner(s) on the assets of the business. In a proprietorship/partnership, this equity is each owner’s original investment, plus any earning after withdrawals.

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| | Most bookkeeping software can generate balance sheets for time periods required.Assets |  | | --- | --- | | Current assets: |  | | Cash: |  | | Petty cash |  | | Accounts receivable |  | | Inventory |  | | Short-term investment |  | | Prepaid expense |  | | Long-term investment |  | | Fixed assets: |  | | Land |  | | Buildings |  | | Improvements |  | | Equipment |  | | Furniture |  | | Vehicles |  | | Other assets: |  | | Item 1 |  | | Item 2 |  | | Item 3 |  | |  | | Liabilities |  | | --- | --- | | Current liabilities: |  | | Accounts payable |  | | Notes payable |  | | Interest payable |  | | Taxes payable: |  | | Income tax |  | | Corporation tax |  | | Self-employment tax |  | | Value-added tax (VAT) |  | | Council tax |  | | Payroll accrual |  | | Long-term liabilities |  | | Notes payable |  | | Net worth/owner’s equity/retained earnings |  | |
| |  |  | | --- | --- | | Total assets: |  | |  | |  |  | | --- | --- | | Total liabilities: |  | |

## Sales forecast

This information can be displayed in a chart or table, by months, quarters or years to highlight anticipated growth of sales and the cost of sales.

## Milestones

Milestones are a list of objectives that your business may be working to obtain, by start and completion time and by budget. This also can be represented in a table or a chart.

## 

## Miscellaneous Documents

To support statements you make in your business plan, you may want to include any or all of the following documents in your appendix:

* Personal CVs
* Personal financial statements
* Credit reports, business and personal
* Copies of leases
* Letters of reference
* Contracts
* Legal documents
* Personal and business tax returns