

The Business Plan

An outline

“If you fail to **plan**, then plan to **fail**”

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The purpose of a business plan is to answer the following questions:

1. What is the purpose of the organisation?
2. What is its current position?
3. What are the Goals and Objectives and needs of different stakeholders and how can these be met using the resources available?

1) Mission Statement

The organisations function in society, why the organisation exists, the business it is in and its policies and values.

Since the Mission defines the organisation, this should be an honest statement rather than a public relations exercise.

2) Goals

Interpret the mission from the perspective of different stakeholders namely owners, customers, and employees.

Although the individual's goals may sometimes be in conflict, there will need to be some goal congruence so that the organisation can fulfil its role in society.

3) Objectives

Quantitative measures against which results can be compared against.

These should satisfy the mission of the organisation and move towards meeting the goals of the stakeholders.

In order for the objectives to be set and met the organisation will need to understand both the internal and external factors that will affect its ability to perform.

4) Environmental analysis

This includes areas such as:

- The Economic environment
- Political and legal environment
- Social trends
- Business ethics
- Technological environment

- Competition
- Physical environment

5) Position Audit

Identifies the current state of the entity to identify available resources and limiting factors.

Analysis of:

- a) Tangible and intangible assets and finance
- b) Products brands and markets
- c) Operating systems
- d) Internal organisation
- e) Current results
- f) Returns to the business owners

6) Firm appraisal

This brings together the assessment of the environmental analysis (external) and the position audit (internal) to critically assess the Strengths Weaknesses Opportunities and Threats (commonly referred to as a SWOT analysis).

Strengths and weaknesses arise from the internal appraisal where as Opportunities and threats will be determined by external factors. From this process the planner can identify the areas of competitive advantage areas of weakness that need to be addressed and also the opportunities that can be exploited whilst being aware of threats to be reduced.

7) Gap analysis

Compares the firm's objectives with its current projected performance to identify whether new strategies or a revision to the objectives is needed.

Effective planning will result in the setting of demanding but achievable targets.

NOW you can model the financial plan with projected profit and loss accounts balance sheet and a cash flow forecast, and from that set your budgets.

The plan should be a LIVING BREATHING THING constantly revisited amended and flexible enough to respond to change.

A ROUTE MAP FOR SUCCESS, not a pile of numbers to keep the bank manager happy.