

Business plan

Investing in a new business or in an expansion to an existing business needs time and money and involves many risks. To reduce the number of variables that may determine its failure, the key is planning, in particular with such a resource as a business plan.

A **business plan** is a document outlining an enterprise's objectives, strategies and projected actions in order to survive and develop within a specified time frame; it summarises the marketing, operational and financial objectives of the business and contains the detailed plans and budgets showing how these objectives are to be realised. On the one hand it helps to determine whether the prospective enterprise or development has any chances of success, on the other hand it provides useful data to any potential investors. The business plan is a vital and evolving document which can help in following the path that the enterprise has outlined. Normally it is 15 to 20 pages long and, depending on its main purpose (internal to plan an expansion, to ask for loans, or to lure potential investors from competitive businesses...), it usually contains these sections:

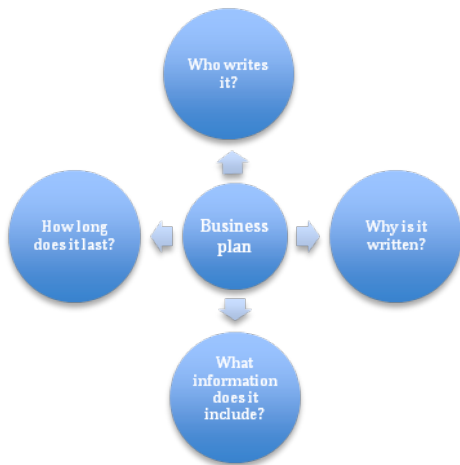
- a. **Title and contents page;**
- b. **Executive summary (or Statement of Purpose),** to provide a general overview of the plan;

- c. **Company description,** to specify legal establishment, history, principal owners, start-up plans, major achievements, etc.;
- d. **Business concept,** to give a description of the product or service, the market it serves and its competitive advantage;
- e. **Market analysis,** which includes a definition of the market in terms of size, demographics, structure, growth prospects, trends, sales potential and target market;
- f. **Competitive analysis,** to determine direct and indirect competitors' strengths and weaknesses and identify possible successful strategies;
- g. **Marketing plan,** to outline the business positioning strategy (that is the market niche to fill with the new product or service), and the pricing, promotional and distribution strategies;
- h. **Operations and Management plan,** to describe how the business works in terms of logistics (business location and accessibility, facilities, equipment, inventory, and supply requirements) and human resources (management and staffing requirements);
- i. **Financial plan,** to state how much capital is needed for start up or expansion and to provide details on: income statement, cash flow statement and balance sheet;
- j. **Appendices and exhibits,** to include any other document or sample of products that may be relevant to the readers, for example: contracts with suppliers, letters of intent, legal documents, patents, etc.





1 BEFORE READING. Think about what you know or imagine a business plan is and should contain and brainstorm with your classmates to answer the questions in this brief mind map.



2 Read the text on the previous page, and then read these sentences taken from Jolly's Java and Bakery's business plan. Make reference to the sections of a business plan and say which section these sentences were taken from.



1. JJB expects to raise \$110,000 of its own capital, and to borrow \$100,000 guaranteed by the SBA as a ten-year loan. This provides the bulk of the current financing required.
2. JJB offers a broad range of coffee and espresso products, all from high quality Columbian grown imported coffee beans. The bakery provides freshly prepared bakery and pastry products at all times during business operations.
3. Austin Patterson has extensive experience in sales, marketing, and management, and was vice president of marketing with both Jansonne & Jansonne and Burper Foods.
4. JB focuses on the middle- and upper-income markets. These market segments consume the majority of coffee and espresso products.
5. JJB is incorporated in the state of Washington. It is equally owned and managed by its two partners.
6. Competition in the local area is somewhat sparse and does provides nowhere near the level of product quality and customer service as JJB. Local customers are looking for a high quality product in a relaxing atmosphere. They desire a unique, classy experience.



3 PAIR WORK Visit the site http://www.bplans.com/sample_business_plans.php and choose the business plan of an activity which interests you. Look at the first, more descriptive sections, and write a short glossary of the main nouns, verbs and structures used to write the business plan you read. Use this table to help you.

(Adjectives) Nouns	Verbs	Structures
Retail establishment,	To expect,	Located in,



4 GROUP WORK Think about a project for your school. Brainstorm on the main information you would need to write an executive summary of a hypothetical business plan to implement your project. Then, briefly write the statement of purpose in no more than 12-15 lines.



- Business description: short presentation of the school with relevant information and major achievements
- Business concept: origin of the project (to respond to what need?), description of project, the "market" it serves and its competitive advantage over neighbouring schools
- Operations and Management: brief overview of the timing and supervision of the project
- Financial requirements: how much capital is needed, how it will be raised and how it will be used