

**(BUSINESS NAME AND LOGO HERE)**

**Pre-Start Business Plan**

***Owned by***

***(Business owners name(s))***

## About the Business Plan

A business plan can be, and should be, written for a number of different reasons with the most important reason being FOR YOU. For this reason it should be written by the person or persons looking to set up the business, with advice and guidance from an advisor or mentor.


**Your business plan should not be written for you.**

A pre-start business plan is written before you have started trading and can be used to apply for funding to start up the business in the form of grants, loans or competitions, but it is primarily used as a method of getting all your ideas and issues down on paper.

Ideally, you should update your business plan whenever there is a significant change or at least every 6 months, while also referring back to previous business plans to make sure you are doing what you set out to do.

**Please remember. Although you should write your own business plan you do not need to do it alone, there are plenty of free places to go to for advice which can come in the form of one-to-one support from a business counsellor, online support from a number of websites and training courses or workshops.**

Now let's get going on writing your pre-start business plan!

If you see this symbol  click to get more detailed information regarding the topic.

## Contents

Executive summary .....	5
Business Opportunity, Products and Services .....	6
Overview of the business.....	6
The business owner/manager(s) .....	6
Description of products and services.....	7
Markets and Competitors .....	8
The market.....	8
Customer base .....	8
Competitors .....	8
The future .....	9
Marketing and Sales.....	9
Position .....	9
Customers .....	9
Pricing.....	10
Promotion .....	10
Reach.....	10
Selling.....	10
Operations .....	12
Location.....	12
Production facilities .....	12
Resources.....	12
Management information systems .....	13
Information technology (IT).....	13
Financial Forecasts.....	14
Risk analysis and SWOT analysis.....	14

## Business Contact Details

**Business Name:**

Write your business name here.



HELP!

**Owner's Name (or Owners' Names):**

Owner(s) name(s).

**Business Address:**

Write your registered business address here including postcode.

**Business Telephone Number:**

Write your telephone number including dialling code.

**Business email Address:**

Write your email address here.

**Business website address:**

Write your website address(s) here.

*(If appropriate)*

**Date:**

Month / Year this plan was completed.

## **Executive summary**

This section of the plan should be written last. It is designed to summarise what is written in the plan to come.

Describe your business in 1 paragraph / 4 sentences – BE SPECIFIC.

Summarise your customers and your geographical coverage.

Explain why the business will succeed and why it will attract customers.

Summarise your expected cash flow for a minimum of 12 months.

# Business Opportunity, Products and Services

## Overview of the business

Summarise your business idea in 1 paragraph / 4 sentences.

When are you aiming to start trading?

What type of business are you setting up? (*Construction / Health and beauty etc.*)

Where will your business be based?

Does the business have any history? (*Are you taking over the business?*)

What is the legal structure of the business?



Where do you think the business will be in 5 years time? (*e.g. geographical coverage / employing people*)

**ACTION:**

- a) Acquire any documentations and registrations you need for your proposed legal structure.
- b) Become coherent in exactly what information you need to keep and what you need to do at different times of the year for your proposed legal structure.
- c) If you need legal assistance or advice Lawyers for your business can find you a free consultation go to [www.lawsociety.org.uk/lfyb](http://www.lawsociety.org.uk/lfyb).

## The business owner/manager(s)

What experience do you have in this type of business? (*Work experience etc.*)

What makes you committed to the business being successful? (*A family project etc.*)

Detail your education, qualifications, work experience, training. (*Whether it is related to the business or not*)

What business related training have you attended?



Is there any training you need to do in the near future that will help the business?

**ACTION:**

- a) Create a CV and attach the end of this plan.
- b) Attend any business related training courses you and your advisor agree will help you

## Description of products and services

This section should be used to provide the bulk of information regarding what your business will be doing and or offering.

Describe and explain in as much detail as possible the different services you will be offering and the different products you will be selling. Feel free to include pictures or product descriptions.

What makes your product(s) or service(s) different from those offering similar product(s) or service(s)? (e.g. your unique selling point or USP)

What benefits are there to your customers? (e.g. environment / Healthy etc.)

What special features does your product(s) or service(s) have that will make your customers want to buy?

How can your product(s) or service(s) be developed further?

Do you have any patents, trade marks or copyrights?



HELP!

**ACTION:**

a) If you require patents, trademarks or copyrights contact the law society for specific advice on processes, costings and applications.

# Markets and Competitors

## The market

Who is your target market and how big is your target market?

HELP!

Are there any statistics regarding your business area that can give you more information about your customers and your market?

HELP!

Are there times in the year when your sales will be high or low?

Are there any future trends you know of that may impact on your business?

**ACTION:**

- a) Complete the seasonality and cash flow exercise (See Appendix).

## Customer base

Who are your customers?

HELP!

What do you know about your customers?

How do you know they are interested in what you have to offer?

**ACTION:**

- a) Read your 'Market research for the first time' book (see [www.pne.org/business-support](http://www.pne.org/business-support) if you do not have a hard copy).
- b) Conduct a market research for your business and summarise findings for this plan.

## Competitors

Who are your competitors?

HELP!

What information do you know about the way their businesses operate?

What share of the market do they have?

What is your unique selling point (USP)?

HELP!

How do your competitors market themselves?



## The future

What changes do you expect to happen as your business progresses?

Where do you think your business will be in 5 years time?

How will you react to these changes?

How will your competitors react to these changes?

What will give you the advantage over your competitors?

## Marketing and Sales

### Position

How will you position your business in the market?

Is there anything unique about what you will be offering?

### Customers

What do you know about your customers?

Have any shown an interest in your business?

What methods will you use to attract new customers?



What methods will you use to keep your established customers?

**ACTION:**

a) Write a marketing strategy detailing what you will do and when – see useful information for a guide on creating this or speak to your business advisor.

## Pricing

How much will you charge for your different products and services?

HELP!

Will you have different prices for individuals and Business to Business transactions?  
If so why?

Will you offer any discounts? *Be careful this must be financially justified.*

ACTION:

a) Create a price list (if possible) that can be given to potential customers or used in your marketing materials.

## Promotion

How will you promote your business?

HELP!

What sales methods will you use?

ACTION:

a) Will you be creating your own promotional material? If so start creating your items. If you are outsourcing your marketing identify who can help and how much it will cost you.  
b) If you require a website contact Business Link to see what funding is available towards the cost of this.

## Reach

What mediums will you use to reach your customers?

Do you need any partners to work with to target your customers?

ACTION:

a) Contact the providers required to organise meetings and to arrange for further information.

## Selling

How are you going to sell your product(s) or service(s)?

Which sales methods are the most appropriate for your business?

HELP!

Are your sales methods consistent with your marketing plan?

Do you have the right skills to sell? If not what do you need to do?

**ACTION:**

a) Discuss this with your business advisor to see if there are any training courses you may be able to attend.

# Operations

## Location

Where will you run your business from?

HELP!

What are your long term commitments to your property?

What are the advantages and disadvantages of your location?

### ACTION:

- a) If you are working from home you need to start organising your office space.
- b) Complete the timetable exercise.
- c) Start looking for suitable premises for your business, view the property, find out about availability and costings etc.

## Production facilities

Do you need to create anything within your business?

Will you do this yourself or outsource?

What equipment do you need?

Will you need investment?

HELP!

### ACTION:

- a) Source the equipment you require for the business and find out costings, delivery times etc.
- b) Complete the Necessity list exercise in the appendix.
- c) If you're outsourcing, identify your providers and find out how they operate.

## Resources

How long will it take you to make a product to be sold or to deliver a service?

How many bookings or orders will you be able to handle in a week / month?

Will you be able to meet demand on your own or will you employ staff to help?

HELP!

Can you create or deliver the item, find new customers and manage the business alone, or do you need help?

**ACTION:**

a) If you are employing staff contact HMRC and attend their free employing people training course.

## Management information systems

Have you put procedures in place for stock control, managing accounts, quality control, performance etc.?

If you were to expand could they cope? If not what do you need to do?

## Information technology (IT)

What IT equipment do you need for the business?

Do you already have it or is it to be purchased?

Do you have a back up strategy?



HELP!

Do you have or need a website?



HELP!

**ACTION:**

a) Find quotes for the different IT equipment you need for the business that you haven't already purchased.

## Financial Forecasts

**Sales forecast** – the amount of money expected to be raised from sales. Forecasts should cover a range of scenarios. Inclusion of subsidiary forecasts based on sales being significantly slower than predicted, suggestions include where sales start three months later than expected and another forecasting a 20% lower level of sales.



HELP!

**Cashflow** statements – your cash balance and monthly cashflow patterns for at least the first 12 to 18 months. The aim is to show that your business will have enough working capital to survive and all key factors such as the time of sales and salaries should be considered.



HELP!

**Profit and loss forecast** – a statement of the trading position of the business, the level of profit expected to be made given projected sales and the costs of providing goods and services and overheads. Overheads including things like materials, stock, heat/light/rent, unproductive time, etc.



HELP!

*Attached to your financial information you need to put your sources of finance i.e. grants or loans.*

## Risk analysis and SWOT analysis

What will you do if a competitor opens up?

What if a competitor starts offering a discount or lower prices?

What will you do if your suppliers increase the cost of your items?

What will you do if sales drop?

What will you do if there is an IT or production failure?

What insurances will you purchase?



HELP!

**ACTION:**

- a) Complete your executive summary.
- b) Identify any places to go to for funding the start up of your business and apply.
- c) Declare yourself as self-employed with HMRC.
- d) Reap the rewards.

## Appendix

### Seasonality and cash flow exercise

Using this table either tick or colour the boxes where you believe there will be a high, average and low number of sales and state why you believe this. Take into account your starting month!

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
High												
Average												
Low												

This exercise shows you have researched your market and understand that you will not just make the same amount of money every month; there will be peaks and troughs.

**Now, using the market research you have done answer the following questions:**

On average how much will an individual/ business spend in one transaction with your company? *e.g. a florist's average transaction would be £20, which was established from a questionnaire which asked, 'How much would you spend on a bouquet of flowers?'*

In a high sales month how many transactions do you believe you will see? *If you are in a business area that will have a lot of transactions i.e. a shop, do this exercise for a day and multiply by 4.*

Do the same exercise for an average and low month.

High month = ? transactions

Average month = ? transactions

Low month = ? transactions

Now multiply your number of transactions by the amount an individual will spend in an average transaction.

High month = £?

Average month = £?

Low month = £?

And there you have the information for the Income section of your cash flow forecast.

Remember if you have any problems contact your business advisor who will be able to help you further.

## Timetable exercise

How much time do you actually have to run your business? This is a hugely important exercise and could make you realise that in reality you don't actually have the time to have your own business.

It is also a good exercise for those who are working from home, to make sure you are setting yourself time solely for business purposes.

	Am												Pm											
	12-1	1-2	2-3	3-4	4-5	5-6	6-7	7-8	8-9	9-10	10-11	11-12	12-1	1-2	2-3	3-4	4-5	5-6	6-7	7-8	8-9	9-10	10-11	11-12
<b>Mon</b>																								
<b>Tue</b>																								
<b>Wed</b>																								
<b>Thu</b>																								
<b>Fri</b>																								
<b>Sat</b>																								
<b>Sun</b>																								

Now fill in the boxes above using the following key

- Sleeping
- Eating
- Family activities
- Other activities

Now whatever is remaining should be designated as Business Time. You should try and stick to this the best you can and remember if you have no orders/ sales to process why not? And you should be spending your designated business time thinking of ways or expanding your sales.



## Necessity list exercise

What is it you require for your business to get started with regards to equipment etc.?

Where are you going to get them from?

Where will the finance to pay for these items come from?

Item required	Quote 1	Quote 2	How will you pay for it

## Sales forecast exercise

If you have completed the seasonality and cash flow exercise you have already estimated what your likely sales will be BUT calculate what would happen for the following scenarios.

What happens if your sales were 20% lower than expected?

High month = £?

Average month = £?

Low month = £?

What happens if your sales did not start coming in until 3 months after you expected?

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
High												
Average												
Low												

High month = £?

Average month = £?

Low month = £?

You will use this information in your cash flow forecast statements.

## Cash flow statements exercise

### Expenditure

You need to create a cash flow forecast for the first 12 months worth of activity in the business. We have covered the income/ turnover and sales section of the cash flow so the next area to view is expenditure. Here is an example of the expenditure section of a cash flow.

*Some of these areas will not be relevant to your business – if you struggle talk to your business advisor.*

Complete this table the best you can.

*Your raw materials need to be related to your sales i.e. you will need to buy in more materials when you have a high month of trading but less in a low month.*

	Pre start	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	TOTAL
Raw Materials														
Staff Wages & NI														
Rent														
Heat, Light & Power														
Business Rates														
Telephone														
Insurance														
Advertising														
Stationery & Post														
Transport & Travel														
Bank Charges														
Loan Repayments														
Loan Interest														
Professional fees														
Repairs														
HP & Leasing														
Drawings														
Capital 1														
Capital 2														
Capital 3														
Other														

Now we can bring the cash flow forecast together.

To download a full cash flow forecast template in an excel spreadsheet you can:

- Go to [www.pne.org/business-support](http://www.pne.org/business-support) and download the template from the bottom of the page
- Request one to be emailed to you by contacting Melissa Middleton on:  
Telephone: 0191 230 6409  
Text (mobile): 07833 207395  
Email: [Melissa.middleton@pne.org](mailto:Melissa.middleton@pne.org)

If you have any trouble accessing this spreadsheet, or require it in a different format, please do not hesitate to ask.

In the section entitled SALES transfer the first section of information you collected in the 'Seasonality and cash flow exercise'.

Now transfer the information you collected above into the EXPENDITURE section of the cash flow.

Under the INCOME section refer back to the 'Necessity list exercise' and transfer in any grants or loans you have stated you will apply for. The Cash sales and Debtors part of this section is dependent on how you will be receiving payment for your sales. If you are a cash only business then all of your Sales are simply transferred into this section. If you are reliant on invoicing etc. you will have debtors. You need to talk this over with your business advisor.

If you are using the template – as suggested above, all the rest of the spreadsheet will be automatically completed for you.

For information purposes

At the bottom of the spreadsheet is Balance, Balance brought forward and Cumulative balance.

Balance is equal to the month's income minus that month's expenditure.

Balance brought forward is the Balance from the previous month – see above.

Cumulative balance is in essence the running total of the businesses finance and is also known as the Profit of the business.

## Profit and Loss exercise

This is a statement of the trading position of the business after 12 months of trading. You will need to refer to your Cash flow forecast exercise to complete this.

We have created a downloadable template with this included – it is on the second page of the Cash Flow Forecast Spreadsheet download referred to in the previous exercise.

If you are having trouble with this, talk to your business advisor.

<b>SALES</b>	
Sales	0
Less Direct Costs	0
Gross Profit	<b>0</b>
<b>OVERHEADS</b>	
Telephone	0
Insurance	0
Advertising	0
Stationery	0
Fixed Transport Costs	0
Rent	0
Business Rates	0
Heat, Light & Power	
Staff Wages & NI	0
HP & Leasing	0
Bank Charges	0
Loan Interest	0
Professional Fees	0
Repairs	0
Depreciation of capital items	0
TOTAL	<b>0</b>
<b>OPERATING PROFIT</b>	<b>0</b>
Drawings	0
Tax	0
Retained Profit	0

## SWOT analysis exercise

Conduct a Strengths Weaknesses Opportunities Threats analysis on your business, ensuring you cover everything you can think of that is related to your business.

**S** strengths

**W** weaknesses

**O** opportunities

**T** threats

This shows you are aware of 'goings on' in the business world you going into and have therefore thought about the different aspects of what could happen.

## Survival budget exercise

Use this table to work out how much you (and your family) need to earn from your business to survive over the next year. Add up all your outgoings, then add up any income not from your business. When you take the income from the outgoings, that's how much you need to be able to take out of your business, just to keep your head above water.

<b>Estimated Outgoings</b>	<b>£ per year</b>
Mortgage/ rent	
Rates and water rates	
Gas, electricity, oil	
Insurance (personal & property, but not car)	
Food & general household expenses	
Clothing	
Telephone (landline & mobile)	
Hire charges (tv, video, etc.)	
Entertainment (meals and drinks) (Allow yourself some fun!)	
Subscriptions (e.g. to trade associations, journals)	
Car (running expenses, inc tax, MOT, insurance & servicing, petrol)	
Children's activities (pocket money, presents, etc)	
Regular savings	
Loans and HP repayments	
Other (please specify)	
Contingencies (e.g. house repairs)	
<b>(a) Total Expenditure</b>	<b>£0</b>
<b>Estimated Income</b>	
Income from family/partner	
Your income from other employment	
Other income (please specify)	
<b>(b) Total Income</b>	<b>£0</b>
<b>Total Survival Income for the Year</b>	
<b>Required from the Business = (a) minus (b)</b>	<b>£0</b>

## Useful contacts

*Please note all blue text in this section means it is a hyperlink and if clicked will take you to the relevant website or open an email client.*

For the cash flow forecast template go to <http://www.pne.org/store/1249398412.841LID0.xls>.

For the book 'Market research for the first time' go to <http://www.pne.org/store/1258537887.925LID0.pdf>.

For more information on PNE go to [www.pne.org](http://www.pne.org),

### Starting a Business

**The website you really should visit** for information before you start and to register your business when you start trading is: **HM Revenue and Customs** ([www.hmrc.gov.uk](http://www.hmrc.gov.uk)). You should find answers to all your Tax, National Insurance, import duty and VAT questions here.

For general advice, Business Link in the North East: [www.businesslinknortheast.co.uk](http://www.businesslinknortheast.co.uk) is the region's one-stop-shop for business information. It is funded to support new and existing businesses.

For more information, phone 0845 600 9 006 or e-mail: [enquiries@businesslinknortheast.co.uk](mailto:enquiries@businesslinknortheast.co.uk).

If your business will provide services to Tourists visiting the North East: **Tourism North East** has been set up to provide information and advice specifically for you.

To research Business Names: **The National Business Register** is a commercial (that is, it's not official) website that lets you search for a business name to see if anyone is already trading with that name or using related trade marks or website addresses. Ask your business advisor for more information about business names or the National Business Register.

Legal Advice: **Lawyers for Your Business** is a scheme operated by The Law Society. They can put you in touch with a solicitor who will give you a free first consultation.

Insurance: The insurance cover you need will depend on the characteristics of your business. It is worth seeking advice from an insurance broker. We know that **Robertson-McIsaac Insurance Brokers Ltd** offer a free consultation and no-obligation quotation to people starting a business, although we have no direct experience of their services. Obviously, they are hoping to win on-going business from you if you are pleased with their services, but the choice of broker is entirely up to you.

Finance: Business finance specialists Finance Tree run a programme called **Finance & Business**, providing advice, guidance and training to help you understand how business finance works. Much of the information and training is free.

Young people aged 16 to 30 will find support and advice about starting a business on the **Shell LiveWIRE** website.

Local support and advice may be available through the Council (Local Authority) where you live or intend to base your business. Try these links for starters:



## [South Tyneside Means Business](#)

[Gateshead Council's Economic Development team](#)

[Durham](#)

[North Tyneside](#)

[Northumberland](#)

[Sunderland](#)

Or check with your [Local Government](#):

### **Local Government**

[Durham](#)

[Gateshead](#)

[Newcastle](#)

[North Tyneside](#)

[Northumberland](#)

[South Tyneside](#)

[Sunderland](#)

For other Local Authority websites, have a look at:

[Local Government Association](#) - official site

[Oultwood](#) - a useful source page for local authority website links

### **Official Government Websites**

Already mentioned, the [HM Revenue and Customs \(HMRC\) website](#) is a very useful site, full of guidance for business. Most HMRC forms and guidance leaflets are available on-line.

The government department responsible for business affairs used to be the DTI, now it is the Department for Business, Enterprise and Regulatory Reform (BERR) [www.berr.gov.uk](http://www.berr.gov.uk).

[UK Trade and Investment](#) is the main channel of government help for exporters.

[Companies House](#) – gives free access to basic data on registered companies.

[Office of Fair Trading](#) – a range of guidance on consumer-related issues.

[Data Protection](#) – website of the Information Commissioner [www.ico.gov.uk](http://www.ico.gov.uk) for information about complying with the Data Protection Act.

**Intellectual Property Office** - information on intellectual property - Patents, Trade Marks, Copyright and Design Right.

**Health & Safety Executive** - includes information on implementing health and safety regulations in the workplace.

**Direct.gov** - the official government website for UK citizens. This website provides links to a broad range of government resources.

**Office of National Statistics** - the UK's official provider of statistics. Useful if you need to know the number of people living in an area and a wide variety of other details of the economy and population of the UK. Information is available for different sizes of area, from national to local.

## **Business Representation and Support Organisations**

**Business Links** – the national business support network for England.

**Shell LiveWIRE** – supporting young people with a range of on-line resources for making life decisions and to assist those starting a business.

**Federation of Small Businesses** – a membership body representing the interests of many of the UK's small and medium-sized businesses.

**Forum of Private Business** – a membership body representing the interests of around 25,000 privately owned businesses in the UK.

**Home Business Alliance** – a membership body for people running a business from home.

**North East Chamber of Commerce** – a membership body promoting networking activity and offering shared resources to businesses operating in the North East of England. It is a member of the **British Chambers of Commerce** – an organisation combining the interests of the regional Chambers of Commerce across Britain.

**CBI – Confederation of British Industry** – a membership body, lobbying for the interests of business at a national level and providing networking and representation at a regional level.

## **Banks**

Below is a list of some of the main banks offering accounts for small businesses. PNE does not recommend any particular bank and would also point out that there are other banks.

Alliance & Leicester	<b>Commercial Banking for Start-ups</b>
Barclays	<b>Barclays Bank - small businesses</b>
Co-operative	<b>Co-operative Bank</b>
HSBC	<b>HSBC Bank</b>
Lloyds TSB	<b>Lloyds TSB Business Banking</b>
NatWest	<b>NatWest.com</b>

The **Bank of England** website contains information about the UK's monetary systems and policies.

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The information presented here is provided by PNE Business Support in good faith. PNE Group cannot be held responsible for the content of other organisations' websites. All the links on this page were checked when this list was created. If you find any that aren't working, please tell a member of PNE staff.

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