



<Company Name>

<Insert Logo>

# Business Plan

**Date:** \_\_\_\_\_

**Control Copy Number:** 00X

**Issued to:** \_\_\_\_\_

**Contact:**

**Email:**

**Tel:**

The <Company> Business Plan is confidential and contains proprietary information including trade secrets. Neither the Plan nor any of the information contained in the Plan may be reproduced or disclosed to any person under any circumstances without expressed written permission.



## Table of Contents

<b>1. Executive Summary</b>	<b>3</b>
A. Description of the Business Concept and the Business	
B. Management Team	
C. The Opportunity and Strategy	
D. The Target Market and Projections	
E. Research and Development	
F. Financial Projections	
G. Funding Requirements	
<b>2. Management Team</b>	<b>5</b>
A. Key Management Personnel	
B. Shareholders and Board Members	
C. Supporting Professional Advisors and Services	
<b>3. Industry and the Product(s)/Service(s)</b>	<b>6</b>
A. The Industry	
B. The Company and the Concept	
C. The Product(s) and/or Service(s)	
D. Entry and Growth Strategy	
<b>4. Market Research and Analysis</b>	<b>7</b>
A. Target Market and Trends	
B. Competition and Competitive Advantage	
C. Customer and Estimated Market Share/Sales	
D. Ongoing Market Evaluation	
<b>5. Marketing/Sales Plan</b>	<b>8</b>
A. Overall Marketing Strategy	
B. Pricing	
C. Sales Strategy	
D. Advertising and Promotion	
<b>6. Research and Development</b>	<b>9</b>
A. Development Status and Tasks	
B. Difficulties and risks	
C. Product Improvement and New Products	
D. Costs	
E. Intellectual Property Issues	
<b>7. Operating and Staffing Plan</b>	<b>10</b>
A. Location and Facilities	
B. Strategy and Plans	
C. Regulatory and Legal issues	
D. Staffing	
<b>8. Financial Plan</b>	<b>11</b>
A. Key Assumptions	
B. Profit and Loss accounts	
C. Balance Sheets	
D. Cash flow	
<b>9. Critical Risks and Problems</b>	<b>12</b>
<b>10. Funding Requirements</b>	<b>12</b>
<b>11. Appendices</b>	<b>12</b>

*The following business plan framework follows the order of presentation of the table of contents. When preparing your own plan you most likely will want to consider sections in a different order.*

**It is advisable that an NDA is completed between the company and any person or company obtaining a copy of this business plan for review.**



## 1. Executive Summary

The first section in the body of the business plan is usually an executive summary. The summary is usually short and concise (one to three pages). The summary articulates what the market opportunity is and why it exists. It also details who will execute the opportunity and why they are capable of doing so. It includes information on how the firm will gain market entry and penetrate the market.

The summary is usually prepared after the other sections of the business plan are completed.

The executive summary is important for companies trying to raise or borrow money. Potential investors, bankers or other readers use the summary to determine quickly whether the venture the plan describes is of interest. Therefore, your summary should be appealing and compelling to make sure that it's not the only section read by the potential investor and that you have the opportunity to make a presentation or discuss your business in person.

### A. Description of the Business Concept and the Business

Describe the concept for the business you are in or will be in. This description should explain how your product or service will fundamentally change the way (potential) customers currently do certain things.

You should detail when the company was incorporated (or will be incorporated), what it will do, what is special or proprietary about its product, service or technology. Summary information should also be included with regards to any proprietary technology, trade secrets or unique capabilities that give your company an edge in the market place. Try to make your description as brief as possible.

### B. Management Team

Summarise the key management personnel and outline their primary duties and experience. Include a description of the board of directors.

### C. The Opportunity and Strategy

Summarise what the opportunity is, why it is compelling and the entry strategy planned to exploit it. Detail your competitive advantages as a result of your innovative product/service/strategy. You could include information on key facts, market conditions, competitors vulnerabilities, industry trends and any other information that help define the market opportunity. Include plans for growth and expansion beyond initial products or services or entry into other market segments, if appropriate.

### D. The Target Market and Projections

Detail and explain briefly the industry and the market, the primary customer groups and how the product/service will be positioned in the market. Also briefly explain how you plan to reach and service these customer groups. Information should be included on the market share, the size of the market, growth rate, the market share you anticipate to capture and your pricing strategy.

### E. Research and Development

Summarise briefly any technical development/progress to date and any required development for the market introduction of your product/service. Include information on any technical milestones.



F. Financial Projections

Summarise the financial projections of the business over the next three years. A table could be used to highlight the key numbers in the financial section of the business plan. The following format can be used:

	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
<b>Sales</b>			
<b>Exports</b>			
<b>Net Profit before Tax</b>			
<b>Investment</b>			
<b>Employment</b>			

G. Funding Requirements

Briefly discuss the amount of funding required and timing thereof. Also discuss what principal use will be made of the capital. If possible indicate how the target investor or lender will achieve their desired rate of return.



## 2. Management Team

This section should include a description of key management personnel and their primary duties, an outline of the organisational structure for the company. A description of the board of directors and a description of the ownership position of any other investors should also be included.

### A. Key Management Personnel

- Present the key management roles in the company and the individuals who will fill each position.
- Detail the past experience of individuals, describing their career highlights and include, in particular, relevant skills and any track record of accomplishments that demonstrate his or her ability to perform the assigned role.
- If key management personnel will not be on board at the start of the company then indicate when you will be actively recruiting for these individuals and provide information on the skills required.
- If the company is established and is of sufficient size an organisational chart could be placed in this section.

### B. Shareholders and Board Members

- Detail the names of shareholders, number of shares, percentage shareholding and cash investment to date.
- Identify any (or proposed) board members and include information on the person's background that demonstrates what he or she can bring to the company.

### C. Supporting Professional Advisors and Services

- Indicate the supporting services that will be required.
- Detail the names, contact information and affiliations of the legal, accounting, advertising, consulting and banking advisors selected for your company and services each will provide.

### 3. Industry and the Product(s)/Service(s)

This section provides an understanding of the company's product(s) and service(s) and its interface with the industry which it will be competing. This section will provide the context for the market analysis information in section 4.

#### A. The Industry

- Detail the current status and prospects for the industry in which your business will operate in. Include a discussion on the industry structure (e.g. highly concentrated, fragmented etc.)
- Discuss briefly the market size, growth trends and competitors. A more detailed discussion will take place in the market analysis section.

#### B. The Company and the Concept

- Describe in general terms the concept of the business, what business the company is in or intends to enter, the product/service it will offer and who are or will be its main customers.
- Provide information on when the company was incorporated (or is to be incorporated) and briefly describe the initial development of its products, services and the involvement of the founder(s) in that development.

#### C. The Product(s) and/or Service(s)

- Describe in detail the product or service offered.
- Explain the application of the product/service and discuss its end use. In addition, include any significant secondary applications.
- Highlight any unique features/ selling points of the product/service and discuss how these will create or add significant value to the end user/ customer.
- Discuss any potential disadvantages of the product/service.
- Detail the present status of development of the product or service.
- Explain any opportunities for the expansion of the product/service or plans for the development of any related products or services.

#### D. Entry and Growth Strategy

- Indicate the key success variables in your marketing plan (see section 5, e.g. an innovative product, first to market advantage etc.). Also discuss briefly your pricing, distribution etc.
- Summarise your growth intentions during the first three years. Detail your plans for growth beyond your initial product or service.
- Demonstrate how the entry and growth strategy for the company is derived from the market opportunity through your value-add product/service or through other competitive advantages.

#### 4. Market Research and Analysis

Due to the dependence of other parts of the business plan on the market research and analysis it is advisable to prepare this part of the business plan before any other. This section must demonstrate that the company can capture a substantial market share in a growth industry, despite competitive pressures. This section is one of the most important parts of the business plan and can be the most difficult and time consuming to research and write. It is important to dedicate adequate time to complete this section properly so that other sections of the business plan, such as the financials are based on informed information from the market research and analysis.

##### A. Target Market and Trends

- Detail the size of the current market and the share you will have broken down by market segment, region/country for the product/service.
- Discuss the potential annual growth of the market and for your product/service for at least three years. Is the market stable/mature/growing/shrinking?
- Discuss the major factors driving the market growth (e.g. industry trends, socio-economics trends, demographic trends, government regulation etc.)
- Discuss any market restraints in order to provide an understanding of market risks (e.g. costs).

##### B. Competition and Competitive Advantage

- Detail your competitors and assess them in relation to:
  - Product Features
  - Sectors/Customers/ Market Share
  - Product Distribution
  - Main Geographical Markets
  - Pricing
- Summarise this information using a SWOT analysis discussing the current advantages and disadvantages for these products/services and why they do not meet customer needs. Discuss why you think it would be easy or difficult to compete with them.
- Detail the unique selling points of your product/service in relation to competing technologies/ competitors.
- Does your technology/product/service address current weaknesses in the market in the short-term and long-term?

##### C. Customers and Estimated Market Share/Sales

- Discuss the potential customers for the product/service. Classify customers into distinctive groups if applicable.
- List any orders, contracts or letters of commitment that you have. If you have reference/beta customers for your product/service detail them here and provide information on the status of these relationships.
- Based on the assessment of the advantages of your product/service, the market size and trends, customers, the competition and their products/services, estimate the share of the market and sales that you will acquire in the next three years. Make sure you detail the assumptions used.

##### D. Ongoing Market Evaluation

- Discuss how you will continue to evaluate your target markets/ segments so as to continually assess customers' needs and to guide research and development within the company.



## 5. Marketing/Sales Plan

The marketing plan explains how the sales projections (detailed in section 4 part c) will be achieved and should contain the overall strategy of the company to exploit the market opportunity using your competitive advantages.

### A. Overall Marketing Strategy

- Explain the company's specific marketing strategy given the value chain and channels of distribution in the market segments being pursued. Discuss what segments of the market will be targeted first and why. Also detail how specific customer groups in these segments will be identified and how they will be contacted. Discuss what features of the product or service will be emphasised to these specific customer groups in order to generate sales.
- Indicate where the product will be initially introduced (internationally, nationally, regionally) and explain plans, if appropriate, for expanding into other geographical markets.

### B. Pricing

- Explain the pricing strategy for the company's product(s)/service(s) and compare this pricing policy in relation to your major competitors' policies. Include (if possible) the return on investment or payback for the customer.
- Discuss the gross profit margin between manufacturing and ultimate sales costs and explain whether this margin is large enough to allow for distribution and sales, equipment etc.
- Provide a justification for the pricing strategy and the differences between yours and those of your competition in terms of value add to customers.

### C. Sales Strategy

- Describe the methods that will be used to sell and distribute your product(s) or service(s) such as direct sales, retail outlets, distributors, agent, sales representatives, website, revenue sharing partners etc.)
- Discuss the value chain and the resulting margins for distributors, sales people etc. (if appropriate). Also detail any special policies such as exclusive distribution rights and compare to your competition.

### D. Advertising and Promotion

- Describe what approach you will take to promote your product or service in the market place.
- Indicate plans for website and internet marketing, exhibition and conference participation, advertisements (where, when and to whom), preparation of promotional literature etc.

## 6. Research and Development

It is important that the nature and extent of any research and development work necessary before a product or service can be marketed is discussed in detail. It is also important to discuss any intended future developments of your product or service such as changes to meet future market demands or new product or service developments.

### A. Development Status and Tasks

- Explain the technology road map for your current products and services. Explain the current status of each product or service and explain what needs to be done to make it marketable.
- Describe the expertise that the company will require to complete this development work and outline key milestones to be achieved. Include diagrams where appropriate.
- Discuss any customers or partners that will be involved in this work.

### B. Difficulties and Risks

- Present any major anticipated research or development problems and your approach to minimise these risks.
- Discuss any implications of these on the costs and time to market introduction as a result of these problems.

### C. Product Improvement and New Products

- Discuss any ongoing research and development work or new product development planned in order for the company to remain competitive. Discuss any customers or partners that will be involved in this work.

### D. Costs

- Detail and explain the research and development budget, including the costs of labour, equipment/materials etc.

### E. Intellectual Property Issues

- Detail any patent, trademark, copyright or intellectual property rights ("IPR") that the company currently owns or uses or is seeking.
- Identify any rights or restrictions relating to your ownership or right to use any of this IPR (e.g. historical or existing contracts).
- Explain (if appropriate) any unresolved issues in respect of the above (e.g. restrictions on the ownership or right to use/commercialise any of this IPR).

## 7. Operations and Staffing Plan



The operations and staffing plan should include information on the location of the business, the type of facilities needed, space requirements, capital equipment requirements and full time and part time staff requirements.

- A. Location and Facilities
  - Discuss the (planned) geographical location of the business and any advantages or disadvantages associated with this location (e.g. labour availability etc.)
  - Explain the type of facilities required and capital equipment requirements.
  
- B. Strategy and Plans
  - Explain the manufacturing processes involved in the production of your products (if appropriate) and any sub-contracting of the process.
  - Justify your decision to make or buy your products in terms of costs, skills etc.
  - Detail any subcontractors and suppliers.
  
- C. Regulatory and Legal Issues
  - Discuss any relevant regulatory requirements unique to your product, process or service.
  - Explain any pending regulatory changes that may affect the nature of your opportunity.
  
- D. Staffing
  - Detail what employees will be taken on over the next three years, what skills they will be required to have and in which areas of the business.

## 8. Financial Plan



The financial plan is critical to the evaluation of an investment opportunity and therefore needs to represent your best estimates of financial requirements. The financial plan serves to indicate the company's potential and details information on its projected financial viability. The following sections should be included in the financial plan section.

A. Key Assumptions

- This section should detail the main assumptions associated with the financial projections. These assumptions act as a guide to explain how key figures within the financial projections were made. This section should be kept brief and any further information can be placed in the appendices.
- It should include assumptions regarding income sources, number of employees and salaries, projected investment in capital equipment and materials, projected R&D costs, depreciation allowed for, rent and rate charges, creditor days expected and debtor days allowed and expense calculations.

B. Profit and Loss Accounts

- Include projected profit and loss accounts for the first three years of the company's operations.

C. Balance Sheets

- Detail projected balance sheets for the first three years of the company's operations.
- For an existing business, prepare income statements and balance sheets for the current year and for the prior two years.

D. Cash Flow

- Detail monthly cash flow predictions for the first two years of the company's operations.

## 9. Critical Risks and Problems



Within any business there exist risks and problems and therefore it is important that the business plan includes a description of the risks and consequences of adverse outcomes relating to your industry and your company. This will demonstrate to investors your awareness of these risks and provide an opportunity for you to describe the measures you will put in place to mitigate them.

You should identify and discuss any major problems or risks such as running out of cash before orders, sales projections not being achieved etc. Discuss your plans for minimising the impact of these potential risks and problems.

## **10. Funding Requirements**

The purpose of this section of the plan is to indicate the amount of money that is required by the company and how this funding is to be provided. Include sources such as promoters' funds, bank loans, grants (e.g. Enterprise Ireland grants), any investment already received and the amount of further investment sought.

A brief overview of what this funding is required for should also be included (e.g. equipment, marketing, staff, R&D).

## **11. Appendices**

Important information that is too extensive for the body of the business plan, but is necessary, should be included here such as:

- Promoters' CV
- Detailed market research findings
- Testimonials from customers
- Detailed financial assumptions
- Most recent company accounts
- Share cap table, investment history and term sheet from potential investors
- Any promotional material