



YEAR 11 INTO
YEAR 12
BUSINESS
ASSIGNMENT



BUSINESS PLANS

INTRODUCTION

- Recently businesses have had to deal with unprecedented events. We have seen some famous, successful and profitable businesses struggle, whilst others have seen demand increase so much they can't keep up... Some analysts and economists believe business will never be the same again.
- Your task is to consider how business and the business environment has changed in the last two years with events such as BREXIT and the Corona virus.
- With all the changes that have taken place you need to come up with an idea for a new business that you believe will be a successful business as we move forward. What do you believe people will need/want and why? You will then produce a **thorough** business plan for your idea.

TASK

- Read through the details about business plans contained in this PowerPoint.
- You then need to create your own PowerPoint for presentation containing details of the business plan for the business you will create.
- The details on the PowerPoint slides should be a guide to your ideas for each element of the plan (NOT a script to read). However you will be expected to verbally discuss whilst presenting the thoughts behind the idea, explain key points, analyse why you made the decisions you did and justify why you think this business idea will be successful.

**INFORMATION ON
BUSINESS
PLANS...**



The role and importance of a business plan

WHAT IS A BUSINESS PLAN?

- A document which sets out the future plans for a business
- It is how an entrepreneur will explain how they will turn their idea into a successful business
- The entrepreneur may then show the plan to a bank to ask for a business loan



HELPING A BUSINESS TO SUCCEED

- To give the owners some direction – once a plan is written down it is more likely to be followed
- To identify early on any problem areas that the business might face



REDUCING RISK



- A carefully written business plan will reduce the chance of business failure
- An entrepreneur may include in the plan:
 - Details about insurance
 - Financial forecasts
- The information in the plan will help to reduce the risk of failure.

IDENTIFYING RESOURCES A BUSINESS NEEDS TO OPERATE

A business plan will help an entrepreneur to decide what resources they need to start their business:

- Human resources; For example the staff needed for a clothes shop
- Equipment; For example scissors and a sewing machine
- Raw Materials; for example cloth or lace
- Technology: for example the till or business computer
- Vehicles; for example the company van





OBTAINING FINANCE

- To obtain finance from a bank, the bank manager would review the business plan before granting the loan.
- The bank would want to see how the business plans to repay the money.

THE ROLE OF A BUSINESS PLAN - IT HELPS THE OWNER TO IDENTIFY:

1

- Identify the business idea

5

- Cash flow forecast

2

- Business aims and objectives

6

- Sources of finance

3

- Target market

7

- Location

4

- Forecast revenue, costs and profit

8

- Marketing Mix

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BUSINESS PLAN IS TO IDENTIFY THE BUSINESS IDEA

- EBay – business idea – to connect buyers and sellers online
- PayPal – business idea – to allow customers to pay online securely
- A business plan will help an entrepreneur to focus on the business idea, having to write it down for potential investors





BUSINESS PLAN IS TO IDENTIFY BUSINESS AIMS AND OBJECTIVES

- A business plan can show what the business aims are and how a business is going to achieve its goals. They may include SMART objectives.
- For example it may show any planned activities of the business – a launch night for a new restaurant
- It should also show any potential investors what amount of sales and profit the business aims to achieve, when etc.





BUSINESS PLAN IS TO IDENTIFY TARGET MARKET (MARKET RESEARCH)

- A business plan can help to identify a market by encouraging the owner to research the potential customers
- These could be in a certain market sector – for example selling resources to schools
- A market could be a certain group of people that you wish to sell to; for example Harley Davidson motorbikes to bikers





BUSINESS PLAN SHOULD FORECAST REVENUE, COST AND PROFIT

- A good business plan will forecast:
 - The amount of money the business expects to make from sales (**revenue**)
 - The amount of money the business expects to pay out on; rent, wages, raw materials, admin etc (**costs**)
 - The amount of money that the business expects to make as **profit**
- Of course these can only be predictions



BUSINESS PLAN SHOULD CONTAIN A CASH-FLOW FORECAST

- A good business plan should include a cash flow forecast
- This will help the business to see where the cash inflows (money coming in) and outflows (money going out) of the business will be
- This will help the business to identify any months where there may be a shortfall and how they plan to finance that shortfall



BUSINESS PLAN SHOULD CONTAIN A CASH-FLOW FORECAST

	June	July	August	September
	£	£	£	£
Balance brought forward	0	(20 900)	(11 200)	10 700
INCOME				
Sale of T-shirts	6 000	14 000	28 000	1 000
TOTAL	6 000	(6 900)	16 800	11 700
EXPENDITURE				
Purchase of T-shirts	25 000	0	0	0
Retail and distribution costs	1 200	2 800	4 000	400
Administration	700	1 500	2 100	300
TOTAL EXPENDITURE	26 900	4 300	6 100	700
Balance carried forward	(20 900)	(11 200)	10 700	11 000



BUSINESS PLAN HELPS TO IDENTIFY SOURCES OF FINANCE

- ✓ A business plan may help to obtain finance from; from venture capitalists, banks, angel investors, or even family members
- ✓ The lenders are going to want to see numbers that say the business will grow and that they can make a profit
- ✓ The better the financial information, the more confident they will be in investing – after all they don't want to lose their money

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HELP WITH OBTAINING FINANCE

- A business plan may help to persuade lenders that the business will make enough profit to be able to pay back interest and loan capital on any finance taken out
- A business plan should include a cash flow forecast and sales forecasts (best guess)





BUSINESS PLAN: TO BE ABLE TO IDENTIFY THE LOCATION

- The business plan should describe the business's current location and any facilities that the company owns
- For businesses that serve consumers from a shop, this information is critical
- Also, for businesses that require large facilities for manufacturing, warehousing, etc., this information is an important part of the business plan



BUSINESS PLAN IS TO BE ABLE TO IDENTIFY MARKETING MIX

- A good business plan should include details of the business's marketing mix;
- How they plan to **price** their products or services
- The business **products** or services that the business will sell
- How the business plans to **promote** itself and its goods
- How the business plans to distribute the products to the consumer (**place**)