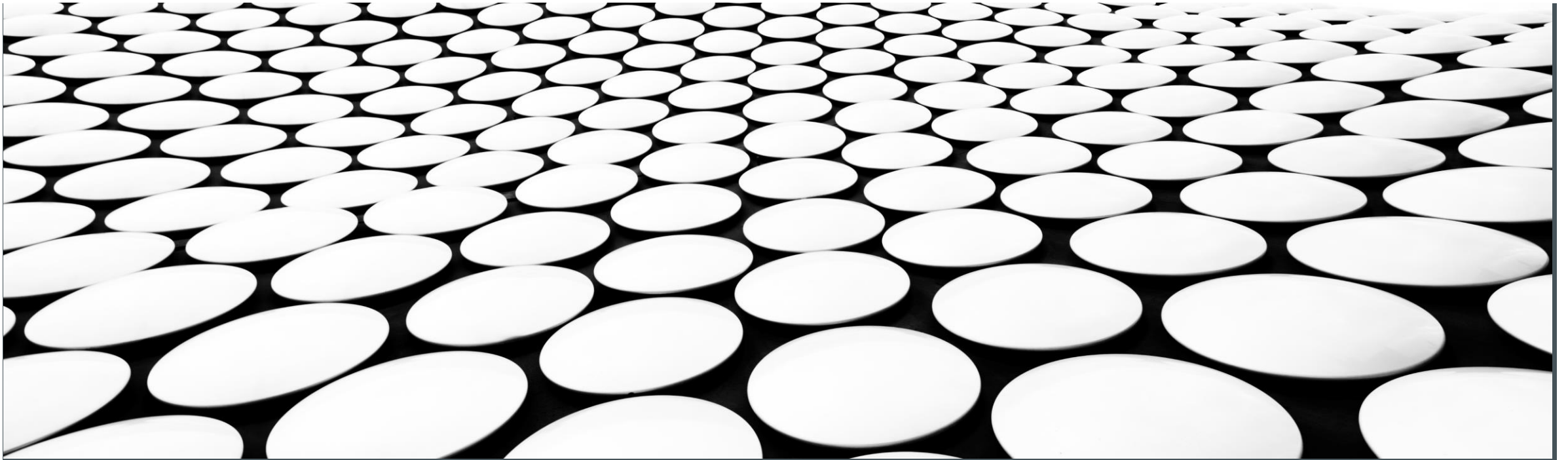


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# HOW TO DEVELOP A BUSINESS PLAN – AN OVERVIEW

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# **HOW TO DEVELOP A BUSINESS PLAN**

# WHAT IS A BUSINESS PLAN?

□ A business plan is a:

- Live document that we refer to regularly and which can be changed and updated
- Toolkit to help guide our actions and steer our way towards our goals
- Great way to showcase the organization, passion, and creativity
- Opportunity to work out the finances and demonstrate financial sustainability
- Way of showing how the organization would achieve its social impact
- Statement of where the organization is now and where it wants to be.

# BUSINESS PLAN TEMPLATE

- Title page
- Contents
- Executive Summary
- About the Organization – ideally a SWOT analysis
- What are our operations?
- Market Analysis
- Market research and testing
- What is the go-to-market strategy?
- Operational plan
- Resource, management, and governance
- Value chain analysis of the organization
- Revenue and cost structure
- Financial Plan matching the business plan
- Project viability including Net Present Value and Internal Rate of Return
- Risk Map
- Contact details

# EXECUTIVE SUMMARY

- ❑ We need to start by summarising the key points of our business plan.
  
- ❑ We need to remember that some people may only read this section, hence we need to make it a clear, concise overview of
  - who we are,
  - what we want to do, and
  - how we plan to do it.

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# DETAILS OF THE ORGANIZATION

□ This may include:

- Our vision, mission, values, and aims
- Our history
- The current state of the organization (e.g. turnover, number of staff)
- Legal status
- Products and services offerings.

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# MARKET INTELLIGENCE

- ❑ The business plan document needs to show that we have a clear and detailed understanding of our market.
  
- ❑ This section is used to describe:
  - Our stakeholders, including your beneficiaries, customers, and donors
  - Any market research or testing we've done and results thereof
  - Our go-to-market strategy and how we intend to reach our customers
  - Any market analysis that we have carried out.

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# COMPETITION ANALYSIS

- ❑ The document needs to provide some idea about the competitors,
- ❑ a summary of their strengths and weaknesses, and
- ❑ a broad analysis of how they are addressing the market dynamics.



# OPERATIONAL PLAN

- The document needs to provide an overview of the day-to-days operations of the organization and details as under:
  - The resources we need to run our operations
  - The people and organizations we work with (e.g. partners, associates, and vendors)
  - Premises and the equipment we use
  - Our process for taking payments from customers
  - Any legal and compliance requirements that the organization needs to meet (e.g. pollution clearances, appropriate licenses, and certifications if any)
  - Any insurance we have or will need.

# HUMAN RESOURCE PLAN

- ❑ We need to furnish the details of the people who are critical for the organization and any possible staff changes that may be a part of the business plan.
  
- ❑ This would include:
  - Biographies of management team
  - Biographies of trustees
  - An overview of any planned changes to the management structure.
  
- ❑ Also, this section needs to highlight any skills gaps in the existing team, and how we plan to fill them.

# SOCIAL IMPACT

- ❑ If the start-up happens to be for not-for-profit then the business plan needs to show not only a financial return but also a social one.
- ❑ This social return is the impact – the difference we make for the people and communities we work with.
- ❑ This section needs to give a clear and concise description of the impact which the plan envisages bringing to the table.
- ❑ This needs to be backed up with details of how we measure, learn from, and communicate our impact, including:
  - Changes we want to make
  - Areas we plan to measure and
  - How we'll measure it
  - How we'll use what we learn
  - What would be the communication strategy?

# FINANCIAL PLAN

- ❑ Financial plan as a part of the Business Plan, needs to provide the following:
  - Direct and indirect costs and overheads
  - Main sources of income envisaged
  - Pricing strategies (if trading is carried out in products and services).
  
- ❑ We also need to provide financial forecasts for three to five years in the future. We need to factor in the key aspects of our business plan – which needs to be financially realistic.
  
- ❑ Key elements of the financial forecasts would include:
  - Revenue forecast
  - Expenditure forecast
  - Cash forecast including monthly burn rate
  - Funding strategy
  - Net Present Value and Internal Rate of Return

# RISK ASSESSMENT

- ❑ At this stage, we need to set out the risks we may encounter in the operations we propose to undertake.
  
- ❑ These could include the following:
  - Country risks – if the operations spread over multiple countries
  - Governance risks
  - External risks
  - Regulatory or compliance risks
  - Financial risks
  - Operational risks.
  
- ❑ We need to explain the likelihood of each risk, how we plan to mitigate it, and the impact it could have on the organization.

# LEADERSHIP COMMITMENT

- The organization leadership has to play a pivotal role in the preparation of the Business and Financial Plan
- The leadership needs to be fully committed to the plan presented in the document and
- present it to the promoters for finalization.
- Once it is approved by the promoters, the CFO along with the CEO of the leadership team of the start-up needs to present the business plan to the Board of Directors for approval.



**THANK YOU!**