

## HOW TO WRITE A BUSINESS PLAN

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## **PREPARATION OF A BUSINESS PLAN**

It is worth setting aside time to make a business plan. Making the plan carefully helps you to understand the feasibility of the business idea and the different stages of practical implementation. External financiers and cooperation partners also expect a clear plan and description of your intended business. You should think of making a business plan as a process where you learn more about your own business idea. The purpose of the plan is to structure your company's operational possibilities and profitability. The plan is also a tool for steering the company forward. When you start creating a business plan, first think about the questions provided in this guide. You don't necessarily have to answer all the questions one by one; the purpose is to make the business plan a coherent narrative. Please write in such a way that the reader understands your idea without reading the questions. You may also come back to the business plan yourself during the founding phase of the company, or even during business operations.

### *EXAMPLE*

#### **Business idea:**

*My intention is to establish a used car dealership. My business idea has matured already for several months. I have also previously worked as a car technician and my hobbies include repairing old cars. The effort is to combine my hobby and business. Because I have been working on this in the field, I have accumulated equipment and know-how, and in addition to this I have also an old garage that can be renovated into a commercial space.*

### 1. BUSINESS IDEA

Questions to consider:

- *What is your business idea?*
- *How did you start thinking about your business idea?*
- *Why is your business idea worth implementing? What are you aiming for?*

### 2. PRODUCT/SERVICE

The product that is sold can be goods or a service. An entrepreneur can manufacture the goods to be sold himself or sell goods manufactured by someone else. The product can also be the sale of knowledge, for example your own expertise. Especially in the case of services, it is necessary to be able to tell the customer as concretely as possible what benefit this service will bring to him. In other words, what added value the customer will get from it.

Questions to consider:

- *What is your product?*
- *What is unique and excellent about it?*
- *How does it differ from similar products on the market?*
- *How do you succeed in terms of quality compared to your competitors?*
- *What competitive advantage does your product bring you?*
- *What are its weaknesses?*
- *What development work does your product still need?*

- *What is the benefit of your product or service for your customer? What customer problem do you solve?*
- *What are the prices of similar products on the market? How are you going to price yours?*

### 3. CUSTOMERS AND MARKET INFORMATION

#### 3.1 Customers

Resources should be allocated to those customers who are most interested in the company's product and are therefore potential customers. It is recommended to prepare yourself a list of the parties who are interested in your product right from the start.

Questions to consider:

- *What is your target group? Who are your customers? Try to divide customer groups into smaller subgroups.*
- *Why exactly are these customer groups interesting to you?*
- *How many customers are there?*
- *Where are your customers located? How do you find out the customer's contact information? How could you use a customer survey to get information about your potential customers?*
- *Make a list of your customers. Who will be your first customer?*
- *How can you use him/her in marketing?*
- *What are the current buying habits of your customers (from whom does the customer currently buy)?*
- *Who makes the purchase decision and who is the paying customer (adult, child, company, public sector, other)?*
- *What are your customers not satisfied with?*
- *What kind of product would your customers like? How can you meet this need?*
- *What special added values can you offer the customer (related to payment, delivery, maintenance, etc.)?*
- *How do you get the customer to buy again?*

#### 3.2 Markets

Knowledge of the market is the starting point for profitable sales. Before the establishment it is good to find out what kind of market you intend to operate in.

Questions to consider:

- *How big is the total market in your area of operation (e.g. in terms of volume, number of customers, sales, etc.)?*
  - *How is the market developing? What kind of development prospects do you see in your operating environment in the future?*
  - *What kind of seasonal variations or cyclical dependence are there in the planned market?*

- *What kind of changes (legislation, etc.) will there be in the market? What kind of growth prospects for your business venture?*

### 3.3 Competitors

The better you know your competitors, the easier it is for you to differentiate yourself from them and market your products. You should constantly monitor your competitors and think about their actions from the customer's point of view and from the competitors' own point of view.

Questions to consider:

- *Who are the main competitors? Name at least 3 important competitors.*
- *What products do your competitors offer?*
- *How do your competitors' products differ from what you offer?*
- *What are your competitors' strengths and weaknesses?*
- *What do your competitors do better than you?*
- *What do you do better than your competitors?*
- *What kind of marketing are your competitors using? How does your competitors' marketing differ from yours?*

## 4. METHODS OF OPERATION AND RESOURCES

Think carefully about how and with what resources you are going to operate. It is essential that your plan for the company's operations meets the customers' expectations.

### 4.1 Sales and marketing

The entrepreneur must remember that marketing is everything that the customer notices about the company. Marketing includes personal selling, sales promotion and advertising. It is important to think about what means you intend to use to reach the customer, and how you will differentiate yourself from the competitors.

Questions to consider:

- *How much time will you spend on sales? What are the costs involved?*
- *What kind of sales skills do you have (management of sales and negotiation techniques, interaction skills, etc.)?*
- *What means of sales promotion are you going to use? What costs do they incur?*
- *What means of advertising are you going to use? What costs do they incur?*

### 4.2 Own expertise

Acting as an entrepreneur is based on competence, which is usually based on professionalism and education. Competence can also come from hobbies or everyday activities.

Questions to consider:

- *Education*
- *Language skills*
- *Work experience*
- *Do you have special skills, knowledge or expertise that is useful as an entrepreneur?*
- *What are your strengths and weaknesses?*
- *What skills still need to be developed? How?*

#### 4.3 Production

Production is everything an entrepreneur needs to produce a good or service. It includes solutions related to premises, production equipment, personnel, subcontracting, suppliers and logistics. These solutions will affect the need for financing and the company's operational security.

Questions to consider:

- *Where is your company located?*
- *What kind of premises does your company need? Consider the requirements of production, storage and customer service.*
- *What kind of loading and unloading facilities and parking spaces does your company need?*
- *In what kind of facilities and where do the competitors operate?*
- *What production equipment do you need? How much do they cost? Make a concrete list of all the tools and equipment you need. What existing tools can you use for your company?*
- *Do you need staff? What kind and how much? Also estimate what costs this would entail.*
- *Do you need suppliers?*
- *Do you need subcontractors? If so, what kind (think about your own skills: what should be acquired/supplemented)?*
- *Finally, draw your own company's network, all the actors/entities you deal with in your business.*

#### 4.4 Accounting and financial planning

The entrepreneur is responsible for the accounting and financial planning. It is worth considering to what extent these tasks can be handled by outsiders and focus on your core competence.

Questions to consider:

- *How do you manage your company's accounting?*
- *How are you going to plan your company's operations and how will you monitor what has happened?*
- *Who handles the planning and budgeting of your company's financial statements?*
- *How are you going to arrange financing and collateral?*
- *What kind of insurance does your company need? What costs do they incur?*

## 5. CORPORATE IMAGE OR IMAGO

It is important to think about the image of your company you want your customers to have when they hear your company's name. The corporate image is affected by everything that the customer notices about your company.

Questions to consider:

- *What product-related image do you want to convey?*
- *What operating principles do you want to communicate?*
- *What do you want to convey with work clothes, interior design, decorations, etc.?*

## 6. FINANCING

The entrepreneur must carefully consider for which purposes the money is needed. Money must be set aside for investments, i.e. the purchase of machines, equipment, etc. and for running the actual operation (= working capital). Costs related this can be, for example, purchase costs of products to be sold, rents and salaries.

Questions to consider:

- *What expenses caused by investments will you incur?*
- *What expenses will you incur related to the actual running of the operation?*
- *What kind of initial stock do you need?*
- *Will you start the activity immediately or gradually in stages?*

## 7. PROFITABILITY AND PRICING OF THE OPERATION

One of the basic conditions for profitable operations is that the company's revenues are expenses bigger ones. The profitability calculation also serves as a pricing tool.

Questions to consider:

- *How do you price your products?*
- *What is your pricing based on?*
- *How are sales divided between different products?*
- *How are sales distributed among different customer groups?*
- *What are the operating costs?*
- *What kind of sales volume is needed so that income and expenses are equal?*

## 8. SWOT ANALYSIS OF THE BUSINESS PROJECT

Finally, it is good to complete a summary of your business project, in which you evaluate the project's strengths and weaknesses, as well as opportunities and threats. This summary is called a SWOT analysis. Strengths and weaknesses are internal factors of your project that are evaluated in relation to competitors. Opportunities and threats are, on the other hand, factors that will happen in the operating environment and in the future.

## 9. CALCULATIONS

See separate Excel tables that can be found at: [www.turkubusinessregion.com](http://www.turkubusinessregion.com)

## 10. SELF-ASSESSMENT AND COMMENTS OF ENTREPRENEUR CANDIDATES

In this section, you must fill in a self-assessment regarding your business project, as well as present a numeric estimate of your turnover and your time delay in earning a living. The time delay of earning a living refers to the time it takes from starting a business until the entrepreneur earns a living from the business. If you wish, you can write down your own comments and thoughts at the end.

**GOOD LUCK!**