

A guide to writing a business plan ➤



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We're here to help

Congratulations. Starting your own business can be an exciting, challenging and daunting prospect. Whatever your business ambitions are, we'd like to offer you our best wishes and help you get off to a great start with this guide to writing a business plan. The guide is made up of a series of questions and tips that will help form the basis of a sound, engaging and focused business plan.

Why do you need a business plan?

You'd never set off on a car journey without first checking your smart phone to find the quickest route. Equally, you need a good business plan to ensure you end up where you want to be. It sets out what your business is, what your goals are and what you will need to achieve them. It's also a valuable document to measure your progress and keeps you focused on your long-term goals. A lack of planning is the main reason most businesses fail and therefore it's vital to your success.

- A business plan encourages you to think through ideas and exposes areas of opportunity or weakness.
- It gives you and your staff a sense of direction and purpose.
- It keeps your business on track and gives you something you can measure your progress against.
- It shows others (e.g. lenders, investors, landlords or suppliers) that you are serious - that you have thought things through and have a good chance of success.

Your business plan section by section	
Overview	▶ Summarise the essence of your business.
▼	
Business profile	▶ Give an overall description of what your business is and where you want it to go.
▼	
Your market	▶ Your assessment of the market you're in, your customers and competitors.
▼	
Sales and marketing	▶ Give details of your sales and marketing strategy with details of your product/service, promotion, distribution and pricing.
▼	
Management and staff	▶ Show how your business will be managed and staffed - give details of the responsibilities of key staff.
▼	
Operational plan	▶ Detail how your business will operate. Include information about premises, equipment, materials, licences, consents, insurance, suppliers and systems.
▼	
Finances and forecasting	▶ Give information that shows your business is viable. Profit and loss forecasting, cash flow, capital expenditure and information on how loans and investors will be repaid and when.
▼	
Succession planning	▶ Show that you have thought about how your business will work well into the future.

Your business plan should start with a high level overview. Keep this short and consider writing your overview after you've finished writing the whole plan.

Your business profile

What is your business and where do you plan to take it?

The first section of your business plan gives an overall description of what your business is and where you want it to go.

- Vision - in one sentence try to sum up what your business is about.
- How will you get there? What are your objectives that will achieve this?
- What is your business?
 - This is where you describe your business in detail outlining what you do, the sort of market you are in and how you intend to operate your business. Are you going to be a sole trader, partnership or company?
- What is your product/service?
 - What are you selling? You need to describe the product or service that you plan to sell using simple terms.
- Consider who your target customer is, their product and service expectations and the best way to set up your business to meet their needs.

Be specific wherever you can. It's better to say you want to 'increase sales by 10% month on month' than simply 'increase sales'. This will ensure your objectives are measurable.

What is the environment you are operating in?

In this section of your plan you need to show you know about your customers, your competitors and what's happening in the industry. In business this is often referred to as a SWOT analysis (your business strengths, weaknesses, opportunities and threats). Include statistics and figures that back up your findings.

- What industry are you operating in?
Describe the business sector that you plan to operate in and investigate the trends that are emerging, i.e. new technology or external influences locally or internationally.
- What will your business do well? (Strengths). What will your business not do so well? (Weaknesses).
- Where can you get new business from or improve your current business? (Opportunities).
- Are there any external factors or trends that will threaten your business? This could be new competitors or changes to regulations that are on the horizon. (Threats).
- Your target markets.
 - Who will buy your product or service? Who would you like to buy it? Can you describe these people in detail?

- Can you identify and analyse your competitors?
 - Who are they and how will you be better than them?
 - How is your product or service different to your competitors? Why would this difference appeal to your customers?
- Your business tactics
 - Price - how will you price competitively and where does it place you in the market?
 - Consider your sales targets and how many sales you need to make to break even.
 - What service will you provide to your customers?
- Budget
 - Allocate a budget to be invested for each tactic. (You'll need to produce a full budget breakdown as part of the Finances and Forecasting Section.)

Presentation is important. Make sure your business plan has no spelling mistakes or incorrect figures. Consider using a professional secretarial service to layout your document and do the proof reading.

Your sales and marketing

How will you promote your business?

This section is very important. With the right sales and marketing your business can really grow. Think about your product/service, promotion, distribution and price.

In your plan give a summary of your sales and marketing strategy answering questions such as:

- What customers are you after and what is the best way to talk to them?
- Why should a customer choose you over a competitor? How will you promote this?
- How will you measure the value of any promotion to your business?
- What budget will you allocate for sales and marketing?
- Think about retaining existing customers. What kind of customer service will you provide and how will you get repeat business?

A business plan should be simple and measurable; and should grow and change as your business does.

Management and staff

Who are the people behind your business?

Good staff and their abilities are key to the success of your business. In this section you need to give details of the people that will work to make your business a success.

In your plan give a summary of your sales and marketing strategy answering questions such as:

- What skills and services are required to deliver the goals in your business plan?
- How will your experience and skills contribute to the success of your business?
- Identify the gaps in the skill set, knowledge and experience between you and your staff and what is required to deliver your business goals.
- How will you fill these gaps with the necessary staff?

Staff gaps are not necessarily a problem if you have planned how these gaps are going to be filled. Ask yourself are your resources in line with your needs?

Operational plan

How will your business work?

This section of your plan is about how your business will operate and the practical things required to do business. This can vary a lot depending on the type of business you are in.

- Where will your business be located? What kind of premises will you need? Will you buy or lease?
- Do you need specialised equipment or resource consents for your premises or operations?
- Are there any regulations, laws and quality assurance systems that need to be organised? Think about professional legal advice.
- Think about your suppliers and availability of necessary resources/materials.
- What kind of IT infrastructure will you require?
- Distribution - how will you get your product to market?
- Do you require specialist insurances to cover different aspects of your business and key staff? Consider speaking with an Insurance Advisor to get the best advice.

Keep your plan short and to the point. Use bullet points to make key points or summarise.

Finances and forecasting

How much will it all cost?

Now you need to put figures to your strategy. This section is probably the most important of your plan. It is certainly the one that lenders will be most interested in. It is recommended that you seek advice from an accountant or financial advisor with experience in the industry you'll be operating in.

- Do you have enough money to get started and cover your costs in the short term?
- When will your business make enough to be profitable?
- What is your break-even point? Prepare estimates based on best and worse case scenarios. It's always best to err on the side of caution.
- Prepare budgets and forecasts showing costs, income and cash flow.
- Cash flow is of particular importance for seasonal businesses and new ventures developing new products or services.
- Ensure you speak to an accountant for professional advice.

When it comes to finances and forecasting be conservative! Double your expenditure and halve your sales forecasts.

Succession planning

What about the future of your business?

Succession planning is one of the most important tools a potential business owner can use to ensure long-term success, and provides a good focus for achieving your ambitions.

- Why are you in business? What are your personal goals? (Financial? Lifestyle? Family?)
- Will you pass this business on to your family in the future or will the sale of your business provide for your preferred lifestyle in retirement?
- How do you plan to add value to make your business more attractive to potential buyers of your business?

A lot of thought goes into starting a business, but make sure you have also thought about your ambitions and what these might be. How long do you plan to be in business? Do you want to retire at 45?

Get in touch

Call the ASB Business Banking Team today on **0800 272 222** or email us at **businessbanking@asb.co.nz** to talk about your new business opportunity.

Whether you have local or international ambitions for your business, follow us on [LinkedIn](#) to connect with the knowledge, advice and people to help you achieve your goals.

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Your next steps

We hope you have found this guide helpful in putting together a successful business plan. For more information, advice and suggestions, follow the adjacent links.

A few useful links

Click on any of these links to see more:

- **www.asb.co.nz/business-banking**
A comprehensive resource of business banking services including; financing, international trade, and financial markets.
- **www.businessmentor.org.nz**
Business mentoring for new business and existing business operators.
- **www.nzica.com**
Chartered Accountants of Australia and New Zealand – your accountancy resource.
- **www.succeed.net.nz**
All you need to know about succession planning.
- **www.nzte.govt.nz**
New Zealand's Economic Development Agency, with information on business development, export services, sector development and regional development.
- **www.govt.nz**
Comprehensive directory of government departments and services, including information on government legislation, allowances and taxes.