

PRELIMINARY BUSINESS PLAN - INSTRUCTIONS

General

A business plan is necessary:

- For the entrepreneur as a project plan and "road map" to starting a business
- It is required for funding applications.
- For experts in assessing and evaluating business idea or business activities
- At what stage are we now, at idea level or ready to launch?
- When will the business start operating?
- Do I go alone or with a team?

The purpose of a business plan is to provide a concrete description of future operations and a clear and structured overview of the operations' profitability and viability. The first year is always the most important one to an entrepreneur. It is a good idea to have a vision of where the company might be in three years' time, but planning five to 10 years ahead is too much at this point. Be realistic and practical, as theories and pipedreams will not be helpful.

We recommend using a Word document, not online forms. However, if you use an online form, save the text somewhere else as well. It is about your business and the things that only you decide.

Be realistic and hands-on, theories and cloud castles will not help you.

A BP is a planning tool now and in the future, it is not just an attachment to a grant application.

BP is the company's "action plan".

Writing

Write in full sentences, including Skills / Team despite that you can attach a CV also. Words and lists are not BP.

BP is not a workbook, a thesis, or a doctoral thesis. So do not attempt to "answer" the questions under headings. They are there just to guide which issues to address under each heading.

Delete all repetition. Under each heading, outline in detail and concrete terms the topic at hand, and do not repeat it under other headings. The description of one's own competence comes under 'My Competence' or Team, etc. Once described do not to repeat it under other headings.

The BP is tangible and specific. It is not a vision paper. It is a concrete and scheduled project plan. It includes names, dates, euros, hours, number of copies, percentages, deadlines etc. Rely on facts rather than fiction or wishful thinking.

Note! If a relevant heading or section is missing from a BP template, you can add it.

1. BUSINESS CONCEPT

Summarise your business idea briefly (up to half of the A4 page).

Write a short summary of your business concept (no more than half an A4-size page). You should describe your business concept in a few sentences, stating what you are selling, to whom and how you operate. The more concise your description, the more plausible you will sound. A business concept must answer three questions: What are you selling? Whom are you selling it to? How do you sell it? Check the following: Are

you able to explain in one minute in a non-technical way to a person previously unfamiliar to you why your company exists and what it does?

Check: Can you explain to a stranger in one minute why the business exists and what it does?

2. SKILLS/TEAM

Being an entrepreneur is based on two skill sets: entrepreneurial skills and professional skills.

Entrepreneurial skills: Things that will benefit you as an entrepreneur are key here. These include having a systematic approach and skills in marketing and sales, being interested in your company's finances and figures and having any previous experience in running a company.

Professional skills: What skills and knowledge do you have? Professional expertise and qualifications are usually the most important ones. Alternatively, you may have gained your skills through hobbies or daily activities. What sort of networks do you have and how do you intend to take advantage of them in your business operations?

Check. Are you knowledgeable enough, do you have expertise to run a business and do you have supporting network?

3. SWOT (S = Strengths, W = Weaknesses, O = Opportunities, T = Threats)

Identify the following factors for your operations: Strengths (internal) – Opportunities (external) Weaknesses (internal) – Threats (external). You can analyze yourself, your team, your business operations and your services and products. Be honest with yourself and try to view things from various angles.

Check: Have you taken all of the aspects in every category into account? Take advantage of your network and request their input, if necessary

4. PRODUCT/SERVICE/PRODUCTIFICATION/SERVICE DESIGN

Productisation focuses on the customers and their needs, and aims to provide added value to the customers.

It makes sense that you productize your products or services to match the needs of your potential customers. This will help them decide to buy from you.

What have you done to identify your potential customer groups and their consumer behavior?

How have you found out about possible customer groups and their purchasing behaviour? What products or services do you offer your customers? Have you considered how you can build different product and service packages from these and how they differ from competitors' products and services?

Describe your company's services or products in the section Product or Services. Include pricing unit and the prices, service or product description.

What products or services are you offering to your customers? Have you considered how to turn them into different types of product and service packages and how these packages might differ from the products and services of your competitors? Productisation helps your company stand out and establish its own brand. Have you thought about the image that you want to create for your company with your product? Successful productisation makes pricing, sales and marketing easier. It will also allow you to reach your

targets more efficiently, saving valuable time. Changing your prices later is difficult, so it pays to do the calculations carefully. What is the pricing based on for you and/or your customers? Price is one of the factors affecting a decision to buy, but it is not the only one. Price affects profitability: Every euro your company earns from its products/services will increase its profitability.

Check: Does every product of your company have: a name, product or service description, benefits, and a price?

5. CUSTOMERS

It is important that an entrepreneur is familiar with their customers: what are their expectations, which features of a product or service do they value and which features do they not consider particularly significant? Explain what your main target groups are and think about why they buy your products.

It makes sense to group your B2B clients, for example according to: business sector, size and/or location and values. If your target group consists of business clients, try to describe them and identify why each of them buys your services. You can group consumer customers based on the following, for example: age and gender, values and consumer habits, income level, education level, family size or place of residence.

If your target group consists of consumer customers, try to describe them and identify why each target group buys your services. Target groups Group 1 Group 2 Group 3 , etc. Detailed description. Who and why? An entrepreneur must have a balanced set of skills, products and customers. This will provide the company with an edge (=unbeatable expertise) over its competitors. Please also factor in: the number of customers you expect to reach within different customer groups. Who is the payer, the purchaser and the end user?

Check: Do you have clearly defined target groups for marketing? How many paying customers do you have in each target groups? Do you know the size of an average purchase?

6. MARKET ANALYSIS

Before launching a business, you should assess the market situation, and how companies on your market operate. Analyze the situation: How well acquainted are you with the current market situation? What level of demand is there for your products and services? Which direction is the sector headed in the next two years? What sort of seasonal fluctuation does your sector experience? What have you done to assess and identify the situation?

The market analysis should demonstrate that you have subject matter expertise and knowledgeable of the market. It describes the structure of the sector, its size in euros, and future trends.

Check. Are you familiar with the operating models and rules in the industry or market sector? Is your intended launch timing ideal and for instance high season of the target market?

7. COMPETITORS

It is important to know the competitors, their products and operating models. Analyze other companies, their products/services and operations.

An entrepreneur or a business should differ from its competitors by value-add to its potential customers that allows more flexibility in pricing, which means better financial results. Use the following questions to identify and describe your competitors. Explain who your 3–5 main competitors are and why. How do your competitors' products or services differ from competitors? Study their pricing, delivery times, brands, customer satisfaction rates, etc. How do the competitors promote their sales? Which marketing and sales tools do they use? Keeping an eye on a competitor's marketing and sales promotion measures is useful. What does your company do similarly and what does your company do differently or even better than competitors do? Is it possible to collaborate with your competitors (e.g. subcontracting)?

Do a Competitor analysis by 3-5 naming competitors, including website links and the description of their operations. After each competitor, it is not necessary to write "My company is better because...."
The competitor analysis explains how the company may differ from companies that are already operating.

Check: Can you name at least three main competitors? Why would a customer buy from your company and not from your competitor, and vice versa? Can you describe your competitive edge in practical terms?

8. VISION/OBJECTIVES

When launching a business venture, you should set measurable goals for your company or yourself for the first year. You can further divide the first year into two six-month segments, or any other periods that best suit your field of operations. Potential measurable elements include turnover, profitability, references, how well known your company is, your own income level, number of clicks, etc.

The first year is always the most important for the entrepreneur. It is beneficial to have a vision for 3 years, the plans for 5-10 years may be too distance at this point.

Because BP is a tool, it includes measurable, numerical business-defined goals for the next 6 to 12 months. These may include e.g. turnover, profitability, number of customers, loyal customers, clicks, followers, etc.

Check. Have you selected a few key factors that you can measure? What are your goals for the first year and where do you want to be in three years after launching?

9. MARKETING PLAN

Once you have made a productisation plan, complete with prices, and have clearly identified your customer target groups, you can reach your customers with correctly targeted marketing. Target your marketing at different customer groups using the right channels at the right time.

Knowing your goal and being familiar with your target groups will allow you to determine the marketing measures you should take, making their implementation easier. Studying your competitors will also provide you with tips on how to carry out your marketing.

Use the following questions to help you plan and execute your marketing measures: What do you want to achieve through marketing, e.g. increasing the number of customers, increasing sales volumes, increasing customer awareness of your company and/or creating a brand? What are your measurable marketing goals for the first 6 and 12 months? How many customers do you have to reach in order to meet your marketing goals? What is your marketing budget for the next 6 and 12 months? Which marketing channels can best reach your target groups? When will you use fliers or advertisements, or will you take part in business expos and other events? Social media in general means nothing, and instead you must identify its different

channels and consider which ones you want to use, why, when and using what sort of themes? How and with which indicators are you monitoring your marketing results?

Target different customer segments through appropriate different marketing channels at the right time. You can reach different customer groups through different channels and possibly through different messages. Competition analysis provides tips on marketing.

You should schedule the marketing plan for 6 to 12 months ahead, preferably as budgeted action points for each customer segment for different marketing channels. The marketing actions take place at a certain time and cost something. 'I use Social media' is not a marketing plan. Which parameters do you use to measure the marketing plan?

Check: Do you know what measures you are taking before starting a business and in the early stage of running the business (e.g. building websites and search engine-friendly content, utilizing networks)? Have you planned and scheduled these measures? Do you know which marketing channels best reaches your audience? Have you carefully designed and scheduled your output through different channels?

10. SALES PLAN

Successful sales determines whether a business will survive. Once you have defined product design, pricing, customers, and competitive advantages, a sales plan is possible.

Knowing what your productisation process, pricing, customer target groups and competitive edge are will allow you to plan and conduct your sales considerably more efficiently. Create a weekly and monthly sales calendar for yourself. This will provide a direction and a solid framework for systematic sales efforts. Your sales plan should include goals that you can clearly measure. If your target group is business clients, calculate the number of companies you must gain as your clients in order for your operations to be profitable. Make a list of potential B2B clients and plan when to contact them

If your target group consists of consumers, think whether it is possible to reach them through other companies and operators. Make a list of potential partners and plan when to contact them.

A sales plan is not a sales wishes or sales targets. A sales plan is a concrete action plan of the measures taken to acquire paying customers. For example sending offers or emails, phone calls and appointments per month, etc.

Check: Have you created your sales calendar? Calculate the number of calls, emails or meetings you must have per week/month in order to reach your sales goal.

11. PRODUCTION, LOGISTICS, PERMITS, WAY TO OPERATE

If the company's operations involve production, logistics, premises or permits, then you must explain them all be in detail. How to produce, where, with what equipment, who transports and what does it costs, etc.?

12. YOUR COMPANY

Consider what the most suitable business entity type for your operations is and why. Where will your company operate? Will you need a rental facility, business premises, an office, a warehouse, etc.? Consider also, what your company's vision is for the next three years. What will you aim to achieve and how can you

reach your targets? If you are starting a business with others, you should sign a shareholders' agreement at the time of registering your company. Decide when you want to sign the agreement, what its scope will be and who will draw it up. If your business is a limited liability company, decide how you divide the shares between you and how you make decisions in case of any unexpected crises.

Check: How do you justify the legal form of a business you have chosen? If you have chosen a limited liability company, how will you divide the shares between the partners?

13. FINANCIAL PLANNING

In most cases, it is wise for entrepreneurs to focus on running their business and letting an accountancy firm to handle the bookkeeping. It is also prudent to listen to experts when creating a budget and financial statements. Plan how you intend to acquire the necessary funding, guarantees and operating capital. Decide who will manage your accounts and how. You can do this even before you have launched your company. Check your YEL pension insurance bracket, and identify all other optional insurance policies. Will they cover you for all conceivable risks? Decide which bank, invoice software and payment methods you intend to use.

Check: Have you searched for the best quote from an accountant, bank and insurance company? Have you decided how to manage your finances and invoices? When will your company's sales reach a point where you are able to pay the company's running costs and sufficient wages for yourself? How much operating capital will you need until you get to that level? Please note! It can often take as long as three to six months from launch, depending on the sector and entrepreneur, before reaching sufficient sales levels.

CALCULATIONS

A complete business plan will steer your operations and, above all, help you with time management. You must also base your calculations on your plan. These are only estimates, but you should base them on your plan, not guesswork, as the latter provides no foundation whatsoever.

For their first year of operation, entrepreneurs should create at least the following:

- Investment calculation
- Profitability calculation
- Sales calculation

In addition, you may need a cash flow calculation also. A cash flow calculation will detail monthly fluctuations or for instance demonstrate the ability to pay back a loan.