

FAST FACTS 18: BUSINESS PLAN

One of the most important things before starting a business is to develop and prepare your business plan. Planning is the key to the survival of your business.

What is a business plan?

A business plan is probably best described as a written summary and evaluation of your business idea. It enables you to think through all the facets of a new business and to examine strategies relative to management, marketing, finance and people, and the consequences.

The business plan will identify areas of strength and weakness and show you the probability of success and your ability to make it work.

Why write a business plan?

A business plan can demonstrate whether the new enterprise being considered is viable. It provides a basis for monitoring the progress of a business once it starts operating.

A business plan will enable you to take an objective look at your business, identify areas of strength and weakness, pinpoint needs that might otherwise be overlooked and eliminate problems before they arise. If your venture is marginal at best, the business plan will show you why.

Your business plan provides the information needed by others to evaluate your venture, especially if you need to seek external financing. A thorough business plan automatically becomes a complete financial proposal, which will meet the requirements of most lenders and investors.

Statistics show that the top 25 per cent of successful businesses are twice as likely to have a business plan in place*.

A business plan helps keep you focused, as well as giving you a way of measuring your business performance.

How do I write a business plan?

Preparation of a business plan is the first and most important task to be undertaken by the business starter. The process of preparing a business plan provides an opportunity to test your commitment and motivation.

The component elements of your business plan will include details concerning the industry in which you operate and your product or service, together with marketing, production, personnel, financial and management strategies. It should also address the reason the business exists, its location, structure, strengths, weaknesses, opportunities, threats and a resume of the proprietor/s.

Planning doesn't stop once you have established your business. A business plan is a **living document** which should be revisited on a regular basis, or when major events occur, such as relocating a business, hiring employees or expanding the business.

* Source: *Australian Society of Certified Practising Accountants, 1999*

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Need further assistance?

The Northern Territory Department of Business and Employment offers an extensive, relevant and responsive service which can help you in your business planning. It can provide you with more detailed information on business planning, including a comprehensive Business Plan guide.

The Territory Business Centre also has a range of information and details on workshops that can assist you, as well as business planning information.

For more information refer to other Fast Facts in this series contact:

Territory Business Centre

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