

## The Business Plan

This is the outline of your business – finance, assets, staff, products and markets. You need a plan to guide you, to highlight possible problems, and to show to the bank and grant giving agencies. In a sense you are demonstrating on paper that the business is profitable in the long term – after initial start up costs have been covered.

Typical heading for guidance are as follows:

**Background** – describe your present situation, size of farm, what you produce and people involved. Indicate any past experience in tourism. If your farm has had a Farm Business Advice Service appraisal, please mention this and any other surveys. Previous business appraisals by your bank, financial consultant or accountant need to be mentioned and information about agricultural schemes and nature conservation schemes would be helpful.

**The Proposed Business** – describe what it is, aims and objectives, structure e.g. sole trader, partnership, limited company, *not for gain* company, trust etc.

**Key Staff** – positions held, experience, etc.

**Proposed Services and the Market Place** – pricing, market size and potential, major competitors (their prices, strengths and weaknesses), turnover, break-even figure. Some of this information can be obtained from other operators and possibly the tourist board.

**Business Premises** – location, size, need for alterations, freehold/leasehold, valuation, rates.

**Assets you have as security** – value of business, financial requirements for the business.

**Operating Budgets and Cashflow Forecasts** – if the business is large you might need to prepare a detailed financial spread sheet. Many businesses do not make a profit or have sufficient cash at the right time because the management has not planned ahead. All too often, they do not know how much profit or loss has been made until months after the end of the financial year. In most cases, cash is not properly provided for until there is a crisis.

Small operations can simply prepare a table of income and expenditure on a quarterly or monthly basis during the planning stage. A cash flow spreadsheet can be provided by the project that will help you prepare estimates of income and expenditure.

Budgeting gives you a useful planning tool. When you are in a position to compare your actual performance with the budget, you can identify difficulties early on and take action to put them right.

Once you have calculated your operating budget, you are able to move on to your cashflow forecast. Preparing a cashflow is not just about taking the figures from your operating budget. As with your operating budget, your cashflow forecast will be based upon assumptions and you need to be realistic. The more realistic your forecasts, the better any bank will like them. Your bank will have business advisers who can provide advice and guidance.

Most businesses need to add a Marketing Plan to the Business Plan that clearly demonstrates how the product or service will be promoted.