**BUSINESS PLAN**

**- CONFIDENTIAL -**

**PRELIMINARY BUSINESS PLAN**

The purpose of the preliminary business plan is to structure and clarify the profitability and chances of success of the proposed business. A business plan is necessary for the entrepreneur himself / herself and as a precondition for using experts to help evaluate the operation. Potential funders always demand it.

|  |  |
| --- | --- |
| Name:   | Date: |
| Address: | Postal code: |
| Phone number:  | E-mail address: |

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| --- |
| 1. **ABSTRACT OF THE BUSINESS IDEA**

Tell us briefly about your business idea. |

**2. COMPETENCE**

Being an entrepreneur is based on competence, the key elements are professionalism and education. Competence can also come from hobbies or everyday activities. The personal qualities of an entrepreneur include e.g. profit orientated, intransigence and independence. Answer the following questions. Remember to be honest with yourself.

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| What work experience and education you have? |
| Do you have specific skills, knowledge or competencies that are useful as an entrepreneur? |
| What are your strenghts? |
| What are your weaknesses? |
| What features do you need more and where to get them? |

**3. PRODUCT / SERVICE**

The product or service you offer depends on your professionalism and expertise. To succeed as an entrepreneur, you need to know what your customer’s needs are and what your customers expect from you and the product or service you offer. Try to look at things from your customer’s perspective. When your skills and products are in balance, you gain an edge over your competitors in the eyes of the customer.

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| What is the product / service you offer? |
| What is unique and excellent about it? |
| What weaknesses it may have? |
| What are the advantage or benefit to the customer? |
| Main products / services, prices and structure? |

**4. CUSTOMERS / MARKETS**

It is important for an entrepreneur to know their customers: what features of the product or service customer’s value and what they do not consider particularly important, as well as their expectations. It makes sense to group business customers based on, for example, the size or location of the company’s industry and private customers based on age, gender, income level, education, family size, or place of residence. In the beginning, it is helpful to focus on customer groups that are more likely to buy your product or service. The entrepreneur's know-how, product and customers form a whole that must be in balance. In this case, the company achieves a competitive advantage: overpower know-how over competitors.

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| Who are your customers and target group? |
| What are the buying habits of customers? |
| How many customers there are? |
| Where are the customers located at? |
| Who makes the purchase decision if your customer is a company? |

**5. COMPETITORS / MARKETS**

Competition is a way of life for an entrepreneur. It is important to know your competitors, their products and the way they operate. The entrepreneur should remain different from his competitors by some factor valued by the customer, leaving the entrepreneur with pricing freedom which means better results. For example, it’s helpful to monitor a competitor’s advertising and sales promotions, and store the ads in a folder and from time to time think about: how much and how often they advertise, as well as what and how they advertise. This will give you a better understanding of how your competitors operate and enable you to develop your business to be more competitive.

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| Who are your worst competitors? |
| Mention 3-5 most important competitors |
| What are their strengths? |
| What are their weaknesses? |
| What are the competitors products / services? |
| How competitor’s products / services differ from yours? |
| What are the promotional and advertising tools used by competitors? |

**6. YOUR OWN BUSINESS**

Think carefully about how you will begin to operate. For example, a company's location requirements and the necessary promotional measures differ in different industries. The most important thing is that you come to an outcome that is appropriate for your own resources and that you systematically develop your business.

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| --- |
| Company premises, location, company form and name? |
| What production equipment do you need? |
| Do you need a work force? |
| What advertising tools and promotions are you going to use? |
| Does the insurance cover operational risks? |
| Is your operation mode under any licence or authorization? If it is what kind of licence or authorization your need to have. |

**7. ACCOUNTING AND FINANCIAL PLANNING**

In most cases, it makes sense for an entrepreneur to focus on entrepreneurship itself and have the accounting done by an accounting firm. Likewise, when planning financial statements, it is worth listening to experts. Especially in partnerships and limited companies, it is advisable to use a professional auditor.

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| How are you going to handle the accounting? |
| How are you going to plan your activities? How do you monitor the implementation of plans? |
| Do you need advice on financial planning, budgeting or anything else? |
| How are you going to arrange the funding? |

**8. STATEMENT OF INVESTMENT**

This form will help you find out what it costs to start your own business (MONEY NEEDS) and plan how you arrange to fund your business (SOURCES OF MONEY). Think carefully: what are the important and sensible purchases for your business? How much working capital do you need to survive? How much inventory is needed to reach the sales target? How much money do you or your shareholders have to invest in money, machinery or tools for your business? How much do you need to loan, where are you going to get it and what will it cost? Remember that MONEY NEEDS = SOURCES OF MONEY to start a business.

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| **MONEY NEEDS** |  | **Before you begin** | **During the first year** |
| **Investments** | Intangible assets | Formation expenses |  |  |
| Other (for example goodwill) |  |  |
| Machines and equipments | Production requisites / computing |  |  |
| Car |  |  |
| Furniture |  |  |
| Phone / fax |  |  |
| Installations |  |  |
| Other small machinges and equipments | Office supplies |  |  |
| Other |  |  |
| **Working capital** **1 - 3 months** |  | Advertising at the beginning / brochures |  |  |
| Rents | Office spaces / quaranteed rental |  |  |
| Machine rents / leasing |  |  |
| Salaries | Employees salaries |  |  |
| The entrepreneur’s own subsistence |  |  |
| **Inventories and finacial assets** |  | The stock at the beginning |  |  |
| Cash in hand |  |  |
| **Total need for money** |  |  |  |  |

**9. SOURCES OF MONEY**

|  |  |  |  |
| --- | --- | --- | --- |
| **The capital** | Subscribed capital |  |  |
| Investments |  |  |
| Own machines |  |  |
| Other |  |  |
| **Capital loans** | Shareholder loan |  |  |
| Bank loan |  |  |
| Finnvera |  |  |
| Other |  |  |
| Loans from suppliers |  |  |
| **Other cash flow** |  |  |  |
| **Total sources of money** |  |  |  |

**10. PRELIMINARY PROFITABILITY STATEMENT**

With this calculation, you can estimate how much you need to sell to get yourself enough money to live on and to be able to pay all the expenses for your business. Begin from the target result: the amount of money you need to live at least a month.

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| --- | --- | --- |
|  | IN A MONTH | IN A YEAR |
| = TARGET RESULT (net) |  |  |
| + loan repayments |  |  |
| = INCOME AFTER TAXES |  |  |
| + taxes (government + municipality) |  |  |
| = FUNDING (gross income) |  |  |
| + interest rates on corporate loans |  |  |
| **A = EBITDA NEED** |  |  |
| + fixed costs: (without VAT) |  |  |
| YEL (entrepreneur’s pension) |  |  |
| other insurances |  |  |
| employees salariest |  |  |
| social security expenses of salaries |  |  |
| rents |  |  |
| electric / water |  |  |
| phone / fax |  |  |
| accounting |  |  |
| office expenses |  |  |
| traveling / car expenses |  |  |
| marketing |  |  |
| training |  |  |
| news papers etc. |  |  |
| repairs |  |  |
| entrepreneur’s unemployment fund contribution |  |  |
| other expenses |  |  |
| **B = TOTAL OF FIXED COSTS** |  |  |
| **A + B = GROSS PROFIT NEED** |  |  |
| purchases (wihtout VAT) |  |  |
| **= TURNOVER** |  |  |
| + VAT % |  |  |
| **= TOTAL OF SALES / INVOICING** |  |  |

|  |  |  |  |
| --- | --- | --- | --- |
| Monthly sales target | number of months / y |  |  |
| Daily sales target | Number of days / y  |  |  |
| Hourly sales target | Number of hours / y |  |  |