



How to write a business plan for a new company:

The design and writing of a business plan, should be the result of careful research and planning as well as be part of an ongoing strategic planning process for the entrepreneur.

A business plan can be developed to serve several different purposes:

- It can be prepared with the aim of raising funds from banks or Venture Capital Companies (private investors) or for acquiring grants from bodies, such as ministries and semi-government organizations.
- It can be used as a businessman's strategic plan, aiming at the guidance of the company and constituting the basis for strategic decisions.
- It can be used as a mechanism for monitoring the progress of the business.

Prior to writing a business plan it is important and beneficial for the company and the entrepreneur to collect all information and available sources needed to proceed.

Such information is divided into primary and secondary sources.

- Primary sources of information are considered those describing an event or the results of a survey, which are not processed or evaluated. They constitute the original material which has not undergone any interpretation, summary or evaluation by any individual or group.
- Secondary information sources emerge as the result of the processing of primary sources of information: bibliographies, indexes, abstracts etc. Secondary sources mainly provide information on primary sources or original information that have been modified, selected or acquired a new layout, with the aim to serve new audiences or different purposes.

In addition, the internet is considered one of the most important sources of information on conducting market research and especially in collecting information about competitors. Through that, monitoring of new developments is allowed, such as the emergence of new software programs, which offer a complete package of business planning (including the essential parts and help in conducting economic forecasts).

Business Plan Structure

Some standard sections should be included in every business plan, which mainly relate to the objectives and purposes of the enterprise, the market competition and also the analysis of the Strengths, Weaknesses, Opportunities and Threats -SWOT Analysis of the company. These sections, however, vary depending on the nature and the sector the company belongs to.

The solutions presented in this document are not absolute in their application, but can be modified, depending on the objectives of the entrepreneur and the objectives of plan developed.

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A business plan should include, in general:

- Business overview: A brief description of your company and where it stands in the marketplace;
- Sales & marketing plan: The sales & marketing strategies that will be used to target your customers;
- Operating plan: A description of the physical aspect of your business operations;
- Human resources plan: Details on your key staff, HR policies & procedures;
- Action plan: The planned actions of the business over the next 2 to 3 years;
- Executive summary: A summary of the reasons you are seeking financing, together with a summary of your business operations;
- Financial appendix: The facts and figures that back up what you say in your plan.

Internal Analysis

Summary

The summary is very useful, since it summarizes the main elements of the business plan and presents the strategy, goals and the market competition. It should be complete, concise, professional and above all, it should cause excitement to the audience. This is why its writing is advised to be conducted following the completion of the other parts of the document, in order to ensure the inclusion and presentation of all the sections of the plan.

Introduction

The introduction should be brief in length, providing some basic information about the company, its officers, nature and sector of activity. In this section it is important to clearly explain the objectives and goals of the business plan and the purpose of its elaboration. It is crucially important to bear in mind, that the goals are usually general and less specific, while the objectives are linked to concrete results.

Products and Services

This section should include a detailed description of the goods or services to be made available to the market, highlighting the competitive advantage the company holds, the level of quality or its uniqueness.

External Analysis

Analysis and Market Research

In the section described here, it is essential to describe the results of the (if applicable) primary market research as drafted by the company. It is of grave importance to present this findings in a clear and concise way, so that the reader can understand the essence and create a clear picture of the market. The revenue projections are based on the findings of the market research or influenced by other factors, such as seasonality or the situation of the general current economic activity. Finally, distribution policy and placement of products or services in the market should be

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briefly presented. Specifically, the mixture of positioning or placing in the market contains pricing, promotion, production and location.

Competition

The competition analysis mainly arises from the identification of the threats in conducting the SWOT analysis. The degree of knowledge with regards to the competition usually varies, but it is possible to identify the main competitors and their relative strengths.

It is equally important to emphasize that starting a new business usually arises after a research through which the entrepreneur has identified some market gaps that are not covered by the existing operators. Therefore, the proposed business would have the ability to respond to the new opportunities identified and participate in the new small specialized markets.

The competition analysis should respond to the market analysis and should be consistent with the strategic positioning in the market. Lastly, potential competition should also be explored and presented, as it can increase at any time either from new or existing businesses which expand their activities.

Strategic Analysis

SWOT Analysis (Strengths, Weaknesses, Opportunities and Threats)

The SWOT analysis refers to the identification of strengths, weaknesses, opportunities and threats to the company. To achieve the best possible presentation and understanding of the four elements of the analysis, it is advised to describe them in bullet points, in order for the reader to easily discern the main points. It should also be both brief and on target, and their content understood by the reader.

In order to achieve an effective SWOT analysis, there are some main guidelines to follow, which will also make it easier for the interested party to implement. Firstly the strengths should include the experience and expertise of the businessman. It is important to emphasize the good knowledge of working practices, present the contacts established with potential customers and the knowledge the businessman poses in new techniques / technologies that can be implemented within the new production processes and constitute important factors of business success. Additionally, in the threats section, competition should be included and in the opportunities section whether the new business will offer unique and necessary services or products in the market.

Competition Strategy

This section constitutes one of the most important components of the business plan, since it defines the strategy of sustainability, development and expansion of the business. It should determine the implementation strategy for the goals and objectives that have been identified in a previous chapter of the business plan. The development of a competition strategy should be the result of a current market opportunities research, the nature of the product or

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service, the SWOT and competition analysis. Such competition strategy is very important since it mainly describes responsiveness of the business in the environment that it will operate.

Three ways of preparing a targeted competition strategy are proposed:

The first proposed way of conducting it is “Cost leadership”. Through this, emphasis is given on maintaining the competitive advantage through cost reduction in relation to the competitors. This may include undercutting in relation to its competitors and maintaining a competitive advantage in terms of price.

The second competition strategy relates with the differentiation arising from the need to diversify the products or services of the business.

The third strategy is referred to as “focus”. This strategy recognizes that many market opportunities arise from specialization and entails the identification of a small specialized market, which have not yet been exploited by existing operators. The company, which will locate this market, should have the ability to quickly gain the reputation, meet the needs of the market and focus on the importance of the added value that can contribute to the industry.

Management and Organization

The success or failure of a company depends heavily on its work force, commonly referred to as staff. It is therefore important to mention the people who will run the business, their experiences and their distinct abilities. Should the company employ a significant number of people, it is recommended to create a chart, showing the hierarchy and who will be responsible for key positions.

Financial elements and Economic Analysis

While launching any kind of business, a series of important expenses occur. Therefore it is important to estimate these expenses correctly, in order for the company to conduct proper planning and ensure that it has sufficient funds. Below is an example of possible expenses:

Startup expenses:

1. Advances
2. Workshop Fees and Materials costs
3. Legal and other professional fees
4. Operating Licenses
5. Rents and other commercial costs
6. Purchase / Rental Equipment
7. Packaging materials, office supplies
8. Promotion and advertising
9. Staff costs (before starting)
10. Exceptional

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Operating Expenses:

1. Staff costs (total)
2. Rents and common areas costs
3. Packing materials, office supplies
4. Expenditure on repairs, maintenance, cleaning
5. Fire insurance, theft and damage to third parties
6. Various interest
7. Depreciation
8. Promotion and advertising
9. Accountants Fees
10. Consultants Fees
11. Lawyer Fees
12. Additional unforeseen expenses

Statement of cash flows (cash-flow statement)

The statement of cash flows includes the estimated revenue from sales and other sources, and all associated costs with starting and running the business. The significance of cash flow statements, is the fact that it shows the timing of cash inflows (income) and outflows (expenses) of the business for a continuous period of time (usually from 12 months to 5 years). It also gives an indication of the liquidity of the company at any time and reflects its cash requirements, and therefore it's funding needs.

Prediction results for the fiscal

It is useful to forecast the end-year results (profits or losses). This involves the addition of all operating income and deducting the cost of sales, to generate the operating results of use. Then accumulate overheads of the year, including depreciation, for deduction from operating profit to, resulting to the net end-year profit.

General Advice

Every business plan should constitute the result of careful research. In addition, entrepreneurs should be in position to answer questions that may arise from third parties in relation to the business plan. Therefore, it is important to take into account the comments of third parties to improve the initial idea.

In order for a business plan to attract the interest of potential readers, it should serve the purpose for which it was drawn up and should be characterized by clarity, realism, persuasiveness and organization, exuding social interest and promising added value.

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