

CONTACT DETAILS

Name:

Address:

Post code:

Tel:

Fax:

Email:

BUSINESS DETAILS

Please provide a brief description of your proposed business listing the main services provided or products produced.

Business Name (if you have thought of one):

When do you intend to start trading/open the business?

WHY DO YOU WANT TO SET UP A BUSINESS?

PEOPLE AND YOUR BUSINESS

YOUR RELEVANT WORK EXPERIENCE

Please provide information on relevant work experience and training that will help support your business idea.

TRAINING

Do you anticipate that you will need to undertake any additional training before you start your business? If so, please provide details.

SUPPORT

Please provide information on any support relevant to setting up your business that you will receive from friends or family etc. Also outline any relevant experience they may have.

EMPLOYEES

If you plan to employ someone within the first year of starting up your business, please provide information on their role, experience required and salary.

THE MARKET FOR YOUR BUSINESS

COMPETITORS

Please provide information on businesses providing a similar product or service, including: Number of competitors; location; Price range (compared to your intended prices); and their strengths and weaknesses.

Competitor	Location	Products/Pricing	Strengths	Weaknesses

Continue on a separate sheet if necessary.

CUSTOMERS

Describe the characteristics of your customers, be as specific as you can. For example, people with high disposable income, health conscious people, people living within 5 miles etc. Also detail any research you have carried out on your potential customers, for example how frequently they will use your service, how much they are willing to pay etc.

GENERAL MARKET PLACE

Are there any general spending patterns in the market place that you intend to operate in? For example, spending is increasing in the leisure industry.

MARKET OPPORTUNITY

Based on the market research you have carried out please indicate why you think there is potential in the market place for your business:

LIST THE MAIN BENEFITS OF YOUR SERVICE

What are people buying when they purchase your product or service? You may wish to include things like prompt service, approachable, your in-depth experience etc.

UNIQUE SELLING POINT

Why would someone buy from you above other providers in the market place?

MARKET RESEARCH

Please explain how you have gone about researching your business idea.

Competitors:

Customers:

Market Place Trends (General Market Place):

You may attach any relevant research such as results from questionnaires as an appendix.

PRODUCT OR SERVICE SUPPLY

Please explain how customers will access your product or service – how will they actually buy? For example retail customers may buy via a web site using a credit card and the goods may be delivered to them by post. You may need to give different explanations for different groups of customers, for example local and national, or retail and wholesale.

PROMOTING YOUR BUSINESS

Please provide information on how you intend to promote awareness of your business including:

- Leaflets, flyers, business cards, web site, advertising, open evening, mailshots etc.
- How much your promotional activity will cost you (you will need to get quotes)
- When you intend to carry out each activity
- How each promotional activity will be used to reach your target customers

Method of Promotion	Target Audience	Start.....Finish	Cost During Start Up	Cost During Month 1-12

	£
Total Initial Marketing Costs before start of trading (Month 0)	
Approximate Annual Marketing Costs (Month 1-12)	
Total of Marketing Costs	

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BUSINESS START-UP EXPENDITURE

This section contains information on all of the expenditure that you are likely to incur when setting up your business, **before you start trading**.

PREMISES

Please provide details on the premises you have or would like, including information on:

- Initial deposit or down payment
- Whether you intend to purchase, lease, or use your own property. If leasing what the conditions are.
- If any alterations are required....and how much it will cost to make them.

EQUIPMENT

Please provide information on any equipment that you will need to purchase including:

- Cost and function
- How you have estimated cost
- When you will need to purchase it
- How long you will expect it to last

INITIAL STOCK

Please provide information on any stock that you will need in place before starting your business. This will depend on the type of business for example a Tailor would need threads and fabric while a hat hire business would require a full stock of hats.

- Cost
- Information on potential suppliers (including credit terms)

OTHER e.g. Licences, Marketing (from P5), Subscriptions, Insurance

FINANCING YOUR BUSINESS

SUMMARY OF BUSINESS START-UP EXPENDITURE		FINANCING YOUR BUSINESS START UP – Please indicate intended source of funds	
	£		£
Premises		Savings	
Equipment		Grant	
Initial Stock		Loan	
Other		Other	
Total		Total	

VARIABLE COSTS - TO BE INCURRED AFTER START UP (Months 1-12)

These are costs that change as a total when the amount you sell or produce changes. You should be able to express these in relation to Sales. For example materials may cost 40% of sales, or there may be a cost of £12 for each standard treatment you offer.

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SETTING YOUR PRICE

Deciding what to charge for your product or service depends on a number of factors such as: how much competitors are charging; how much customers are willing to pay (you should have an indication of this through your market research); and how much the variable costs are for you to provide the service or make the product.

Description of product/service	Competitor Price	Customer Expectation	Variable Cost of Provision/ Producing	Intended Sale Price

SALES FORECAST

Forecasting potential sales can be a challenge. It can only ever be an educated guess and will depend on

- Demand as indicated by your market research results and your capacity
- Capacity – the maximum amount you can produce from projected resources
- Seasonal factors - which months are you likely to be busier? Which months are you likely to be quieter?
- Other factors specific to your business, e.g. promotional activity, competitor relocating

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6

	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12

Total Sales (per annum) ...£.....

DEPRECIATION CALCULATION

This is the cost of owning/using equipment (or other fixed assets) shared out over the life of the asset

	Value £	No. of years expected useful life	Charge per year £ (Cost divided by No. of years)
To buy in Month 0			
Already owned before start			
Additions during Months 1-12			
Total			

FIXED COSTS – TO BE INCURRED AFTER START-UP (Months 1-12)

These are costs that remain the same in total no matter how much you produce. They will be more likely to be expressed per month or year, for example, Insurance or Rent. NB Remember to include your Marketing (M1-12) from page 5 and your depreciation from above.

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BREAK EVEN

You break even when the value of what you have sold is exactly equal to the cost of providing or making it together with the fixed costs of running your business. It is important to work out the break even point as this will guide you on whether you are charging enough to cover your costs. The following formulae will help you to calculate the level of sales needed to achieve break even.

Gross Profit is the difference between the Sales Price of an item and the Variable Cost of producing it.

You can use the formulae below as part of your planning process.

For products/services which are fairly standard you can calculate the Gross Profit per item. For example a standard treatment may have a variable cost of £12. If the charge to the customer is £48, then the gross profit per treatment is £36.

Gross Profit per standard item = Sales price – Variable Cost

Break Even can then be calculated to see **how many items you must sell to break even**

Break Even Level of Sales (expressed as number of items) = $\frac{\text{Fixed Costs for year (inc any fixed costs during Month 0)}}{\text{Gross Profit per item}}$

For businesses which have a number of different products/services (i.e. no standard product)

Gross profit can be calculated once variable costs have been estimated or recorded. If variable costs were 40% of sales, then the gross profit would be 60% of sales.

Gross profit = Sales Value – Variable Costs of producing those items sold.

Break even can be calculated to show the amount of sales income needed.

First you would need to calculate the Gross profit %.

Gross Profit % = $\frac{\text{Gross Profit } \pounds}{\text{Sales}} \times 100$

Secondly calculate the Break Even Level of Sales

Break Even Level of Sales = $\frac{\text{Fixed Costs for the year (inc fixed costs for Month 0)}}{\text{Gross profit \%}} \times 100$

CASH FLOW AND PROFIT & LOSS FORECASTING

You now have all the information ready to prepare your financial forecasts. Most people like to work with one of our Entrepreneur Advisors when compiling their forecasts.

CASH FLOW

This is an estimated projection of how your bank account or cash position will look over the first 12 months of trading. It should include anything that will be paid out or received on a month by month basis.

PROFIT & LOSS

This is an estimated projection of how much profit will be earned over the first twelve months. It shows income earned from sales and then deducts any costs incurred, from Month 0 to Month 12. It will include anything that affects profitability.

Some pro formas have been included for your use. These are also available on an Excel Spreadsheet which will automatically carry out the calculations. Ask your Entrepreneur Advisor, they can be e mailed to you or copied by disc for you.

NEXT STEPS

There are so many things to do and think about when you are getting ready to start your business. You will find it useful to list these below and allocate a time frame.

	Start Date	Time required for task	Approx Finish Date
Family Arrangements			
Finance (get bank loan, hear from grant body, re-mortgage, etc)			
Resources (Equipment, staff, premises etc.)			
Marketing (logo design, printing, place advert, etc.)			
Other			

