

Subject Content	What students need to learn?
1.4.4 Business plans	<p>The role and importance of a business plan:</p> <ul style="list-style-type: none"> <li>to identify: the business idea; business aims and objectives; target market (market research); forecast revenue, cost and profit; cash-flow forecast; sources of finance; location; marketing mix.</li> </ul> <p>The purpose of planning business activity:</p> <ul style="list-style-type: none"> <li>the role and importance of a business plan in minimising risk and obtaining finance.</li> </ul>

A **business plan** is a detailed document setting out the business idea and **showing HOW** it is to be financed, marketed and put in place

It is a **CRUCIAL** part of getting finance from external sources e.g. a bank loan and helps **COORDINATE** all of the different tasks and strategies, so the business is more likely to be successful

Business plan sections	What is it?
Business idea	What have you decided to do? Product? Service?
Aims and Objectives	What are the aims/objectives for the business?
Target market	Who is your product aimed at and why?
Marketing plan	What promotional activities are you going to do? TV? Billboards? Online? Social media?
Forecasts of revenue, costs and profits	What are your predictions for sales revenue, costs and profits? When do you expect to reach them?
Cash flow forecast	Plan of the money coming in and going out of the business
Sources of finance	How will you raise finance, which methods are you going to use and why?
Location	Where will you be based? Physical store? Online? Both?
Marketing Mix	Product? Price? Promotion? Place?

A business plan allows a business to:

- Think carefully about each step of the process – maximise success
- May help them realise they are lacking in skills – hire specialist help
- Attract investors if plan is good
- Plan is written down if entrepreneur gets ill



A business plan can cause some problems:

- If entrepreneur not experienced the predictions may be wrong
- Can be too rigid, a new business can be unpredictable so a flexible approach is needed
- Time consuming to create when time could be better spent elsewhere

