

BUSINESS: *Creating informed, discerning employees, consumers and future leaders*

Topic 1.4.4 Business Plans

Key Vocabulary

Business plan – a detailed documents setting out the marketing and financial thinking behind a proposed business

Entrepreneur – an individual who combines the factors of production to create a product, often taking risks

Aims – the long term goals of a business

Target market – the specific group of consumers a business is aiming to sell their product to

Revenue – the income from sales of the products

Costs – items such as rent, rates that a business must pay

Profit – revenue minus costs

Cash flow forecast – a prediction of the inflows and outflows of money the business will have each month

Sources of finance – places, businesses or people that a business can get money from in order to pay start-up and running costs

Location – the place where a business operates

Marketing Mix – a combination of the 4 Ps; product, price, place and promotion

Core Knowledge

Why plan?

- To reduce risk of failure
- To encourage investors
- Forces the entrepreneur to consider all aspects of the business
- Provides something to refer to and provide direction

Contents

1. The business idea
2. Aims and Objectives of the business
3. Target market
4. Forecast revenue, costs and profit
5. Cash flow forecast
6. Sources of finance
7. Location
8. Marketing Mix

Limitations

Planning does not guarantee success

Problems can arise if the plan is not flexible and include contingency plans

Misconceptions

- A plan will guarantee an investment – not the case. Banks and venture capitalists are experienced and will be able to spot unrealistic forecasts
- A lot of research will need to go into a plan. An entrepreneur can not write one overnight or without extensive research



Application

Watch Dragon's Den – who has a business plan? Are they more likely to get investors?



Topic Links



Aims and Objectives – what is the purpose of writing these

Marketing Mix – need to be included

Market research – types that can be done and reasons why it is necessary

Risks and rewards – planning reduces the risk to an entrepreneur