

# 39 great excuses

for *not* writing  
a business plan

... and a few good reasons  
why you should!

Dr Brian Dear  
& Peter Morgan



"I just turned round for a minute ...  
and the cat got it!"

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## **About the contributors and authors**

The authors would like to thank the many entrepreneurs and advisers who have contributed to this book – particularly those who provided the excuses.

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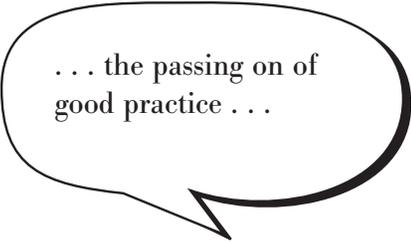
Dr Brian Dear is a researcher specialising in management and small businesses. He has perfected the art of keeping a straight face while entrepreneurs from small and huge companies tell the most massive whoppers. This talent has allowed him to focus on getting access to, and feedback from, business people from ‘hard to reach’ and marginalised communities. He is not qualified to give advice to anyone – but that has never stopped him giving others the benefit of his experience.

Peter and Brian are directors of Cutting Edge (UK) Limited

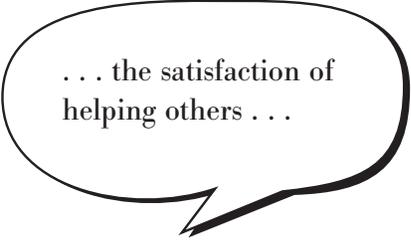
[www.cut-edge.co.uk](http://www.cut-edge.co.uk)

Of course, somebody must be held responsible for any errors or mistakes in this book but the authors are damned if they can think of any good reason why it should be them.

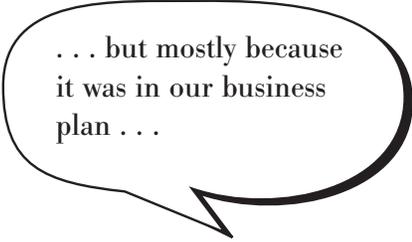
# Why write this book?



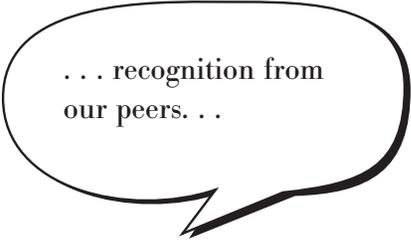
... the passing on of good practice ...



... the satisfaction of helping others ...



... but mostly because it was in our business plan ...



... recognition from our peers. . .

**B**etween us we've heard an awful lot of excuses from entrepreneurs about why they haven't done or won't do a business plan – some of them are almost convincing! But even the best of their excuses aren't strong enough to stand up to scrutiny – as we hope to show you.

So we believe in business plans – as do most business advisers. But we don't want you making plans just for the sake of it or because it's "good practice." Not every successful business began with a business plan – and there's plenty of beautifully prepared business plans that are based on naff ideas – written by people who will never get any further than writing the plan.

We want your business idea to succeed – and whether it's drafted on the back of a fag packet or using the most advanced planning software, we know that doing a business plan dramatically improves your chances of success. So give it a go - or find better excuses than these!

# **1. My business idea is so simple that I don't need a plan.**

If it's that simple, it'll take no time at all to do a plan. What are you trying to avoid?

A simple business needs a simple plan. For example, window cleaning – there's a simple business – or is it? How much will the bucket, ladders and leathers cost – and a van to put them in? What are you going to charge and how many houses must you do a day to break even? What's your survival income requirement while building up a round? What do the competitors charge? What happens if you fall off a ladder?

It ain't rocket science but it is important to have some answers - unless you don't mind chucking money away on half-baked ideas as you are simply a rich eccentric with a fondness for George Formby!

# **2. I haven't decided yet whether to set up as a sole trader or a limited company.**

That is exactly why you need a business plan – to help you make that kind of decision.

Time to do your research and maybe get some advice about what type of business structure will be the right one for you.

Check out the “Who to Contact” section at the back of this booklet for sources of advice.



### **3. My father has been in business for years and he told me I didn't need one.**

It's amazing. In every other situation, a father tells his child to do one thing, and the kid goes off and does something totally different. What is it with business plans?

OK, we all know Dad knows best – don't we? Has nothing moved on or changed since he was starting out?

Some fathers are even reluctant to see their children do well because it makes them feel inadequate or not needed. Complicated things, families – so let's stick to strictly business. The smart move is do the business plan – just don't tell your father!

If you're running your own business, you should make your own decisions about that business. And it is best to make sure that the information you need is at hand for effective decision-making. Structuring your thoughts in the form of a business plan will mean that you can share and discuss your ideas beyond your close family and you can get the best advice. Having a structured plan doesn't mean that you are rigidly fixed in the course of your business. You should ensure that your plan remains flexible enough to respond to the needs of the market place – but a systematic approach will mean that you have the best chance of completeness. We can only make decisions on the information that we have, so we need to ensure we have all the key information to hand.



## 4. My accountant does all that for me.

If you need a professional business plan put together, your accountant may be the best person for the job. After all, he/she will know your business better than most other people.

However delegation is one thing, abdication is another. Your accountant could be the ideal person to point out problems with cash flow and forecasting but will she/he understand why your new line in telephone sanitising equipment is going to outsell the competition or how you intend to market it? Even if your accountant puts the plan together – you really need to be involved.

And accountants don't come cheap. Make sure you get your money's worth by running through the business plan wonder checker at the back of this book. This will help you to get value for money from your accountant when preparing your business plan.

Firstly, use the checklist to make sure that everything you want included is actually in the plan. If there is something on the list that is missing from the plan, ask your accountant about it. Show him or her that you are a professional business person with a good understanding of your business needs and a strong vision of how you want to present your business to the outside world. Secondly, before your accountant starts working on the plan, run through the business plan checker and think how you would do it yourself. How

... lovely  
talking to  
you by the  
minute, sir ...



would you go about doing it if you wanted to do it yourself? What information will your accountant need? What are your plans for your business?

How will you want to use the business plan? The better your briefing to the accountant, the better the plan will be.

And remember – accountants get paid by the hour whether your business idea succeeds or not. They won't be risking their resources in your business – you will. So who's the best person to trust in putting the plan together?

## **5. It's a difficult business to put into words . . .**

So it's all inside your head and you're getting along okay without putting pen to paper. That's just fine - until you need finance, or until you get bigger and need to get support or take on employees. If you can't express your business aims and advantages quickly and easily to people, you are unlikely to gain their help or enthusiasm.

We like to encourage people to put together a 20 second presentation – one that they can use when someone asks, “What do you do?” You'd be surprised how useful this is – especially if you work on it. “I help businesses find more customers” is a lot more engaging than “I'm in marketing.”

Then you need a 2-minute presentation for when somebody asks you for more detail. Record it and then write this one down because it will make a great introduction to your business plan.

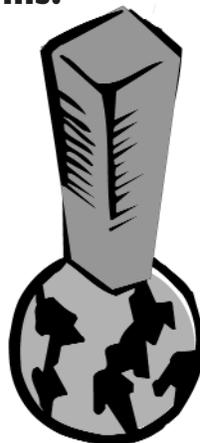
To get the rest of it out of your head and onto paper, some people find it easier to respond to questions – like FAQs (that's Frequently Asked Questions). Try running through the Business Plan Wonder Checker as an approach.

People who won't write down their business plan can be avoiding facing up to difficult issues – that little niggle in the back of your mind about a key point that could spell trouble for your business. It could be reliability of suppliers, cash flow, market size or selling skills. Whatever it is, you need to deal with it, and writing it down is the first place to start. Once you've identified the problem, it's much easier to find a solution – and get professional advice to help you.

But if you are only living inside your head, none of this matters anyway.

## **6. Business planning is just for big firms.**

Business planning is how they got big.



## **7. I don't know how much my business idea will cost yet, so I can't do the plan yet.**

Thank you. That's one of the best reasons for doing a plan that we've come across!

The purpose of doing a business plan is to work out how much your business idea will cost so that you know how to price your product or service so that you have a viable and competitive business. So get on with your research – ring up suppliers, scope your competitors, find out your overheads, then we can see if you're onto a winner or a non-starter.

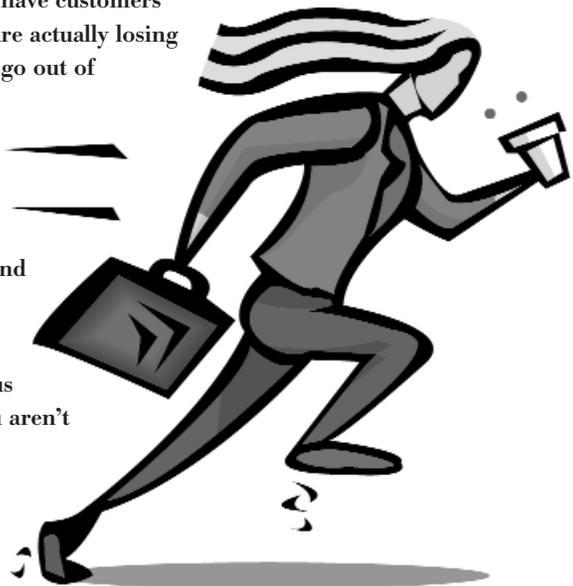
## **8. I'm too busy doing business to do a business plan.**

We're glad you are doing so well. We're also worried that you might be so busy doing deals that you can't see the dangers and pitfalls that have destroyed many a promising business.

Are you too busy doing business to know whether you are making a profit? Are you so eager to get the product dispatched that you haven't looked at your costs?

You'll feel pretty silly if you have customers flocking to your door that are actually losing you money! And when you go out of business, that competitor of yours who took the time to plan their business will be laughing all the way to the bank. Have you heard the one about the tortoise and the hare?

Yes, we thought you had, so we won't waste your precious time telling you again if you aren't going to listen.



## **9. I don't know where to start.**

Start at the end!

All right, that's a smart alec answer but there is a point. Writing a business plan is about plotting a course to where you want to get to – so you need to know what it is you are trying to achieve. A multi-million pound empire or an easy to run business that leaves you more time with the family, it's entirely up to you, but the end result should direct how you develop your ideas.

At a practical level, you can get a “pro-forma” or template business plan from banks, enterprise agencies and off the internet. These can be a good place to start, as they will show you the kind of questions people expect answered before they will lend you money.

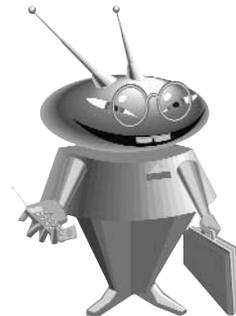
But there is a snag. When you look at a pro-forma, it's not about your business in particular so it may want loads of information that's entirely irrelevant to you or it may not cover some really important issues.

Look at the sections and ask yourself “is this bit applicable to my business?” But before you decide not to tackle a question, be honest with yourself and make sure that you are not simply trying to avoid a problem. Optimism is a great quality to have in business – blind faith is less desirable!

Sometimes people avoid the whole business plan process because they are scared to face up to the problems that the plan might reveal. That's understandable but not smart. So be brave. Stand up to the problems before they make you go broke.

## **10. I just respond to what my customers want. I can't plan for that.**

You can't plan to meet your customers' needs? Then someone else will. It's just a matter of time.



## **I 1. My business changes so fast that I don't want to be constrained by a structured business plan.**

Many small and medium sized businesses can make a healthy living from being flexible in meeting the ever-changing needs of their clients. Don't ever let anyone tell you that you should lose that ability to change what you do.

But a word or two of warning. As your business evolves, so do your customers and competitors. New products come along, old markets die out, the source of real profit may change. It is easy to overlook or put off some key decisions until it is too late.

A business plan is not about constraining you. It is about giving you control over your business and your destiny. Your business plan should evolve with you and help you look at the 'what ifs?' like . . . "what if the interest rate changes?" or "what if my current transport costs rise?"

Having a plan is a great way to check why, when and how you should change and the effect that may have on your business. With all the change that goes on in the world today, it's important to make sure you are not missing a trick or two or falling into a potential trap that could bring your business down.

## **I 2. I need someone to hold my hand through the whole process.**

Don't come over all dumb with us! We know you are sharp enough to do this yourself, or you wouldn't be smart enough to run your own business.

In fact you're so sharp that you know two heads are better than one and that having someone to look over your business plan with an experienced and objective eye can help you develop your business so that is as effective as possible.

Okay, to find someone to hold your hand see the "Who to Contact" section at the back of this booklet.

### **13. Unless I can find some finance, it's not worth me doing anything.**

Er? The words cart and horse spring instantly to mind!

Unless you can put together a business plan (or something else that will help sell your business idea) then those people with the money are unlikely to part with it.

Would you give your money to somebody if they couldn't tell you what they were going to do with it? If you would, please contact us directly – and have your cheque book handy. There's plenty of half-baked ideas that we can't explain right now that we could spend your money on.



That's a very powerful argument, Ms Jones - but couldn't you have just done a business plan like other people?

### **14. I'm not very good at writing.**

It's very encouraging that you are so honest about your limitations and you are right to be concerned. Fortunately, you can get help – usually at no charge – to polish your business plan when you have pulled all the information together.

The pulling of the information together is the crucial part. If you can do that, then people will be happy to help you improve your writing style.

Don't be fooled into thinking that a business plan needs to be as thick as the phone book and read like it's been produced by a Bank of England economist. It just has to show that you've thought through the issues, and that you have the skills/contacts/resources to make the business work.

Remember, nobody is judging your writing style. It's a plan - not an attempt on the Booker Prize.



## **15. I've been in business for 25 years.**

Congratulations!

Of course, absolutely nothing has changed since you started and nothing is likely to change before you retire – so there's no point in you wasting time doing a business plan.

And we certainly won't waste our time trying to convince you otherwise - as long as you don't have any dependants or anyone else (such as your employees) who will get hurt by your failure to exert effective management over your business. Especially if you are operating in a competitive market where young, thrusting new businesses are liable to steal your customers with a fresh approach.

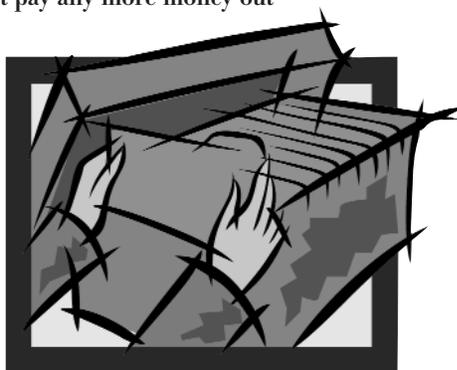
And it may be worth remembering that when you've been in business for 25 years, you are no longer a spring chicken. So if for some unplanned reason, your business goes downhill, it's not so easy for older people to get a job or to start another business all over again.

Business plans may seem to be more important to new and young enterprises than established companies in a stable situation. But plans are important to businesses at every stage. For example - what about succession? Who will take over when you want to reduce your input into the business, or retire?

## **16. I had a consultant in and the report is still on the shelf.**

And we bet the consultant doesn't give a damn because her/his invoice has been paid. What a waste of your hard-earned money. Quick, before it is too late. Take it off the shelf and look over it. Do you understand what it says? If not get the consultant in to explain it to you. Don't pay any more money out – but any decent consultant will want to do a good job and the least they can do is explain anything that they've written in your name.

Now, how could the business plan be done better? You should know because it is your business and it is your plan.



## **17. I've got some business planning software, but most of it doesn't apply to my business.**

Business planning software can be very useful for presenting information – but it's often not very good at helping you decide what needs to go in your plan. There is a tendency for people to fill in every section – whether it's relevant to the business or not and that makes the plan seem much more difficult to do than it actually is. It's also not a lot of help for going out into the real world and researching your business idea.

So step one is to decide what your particular plan needs to cover. A simple solution is to follow the business plan checker at the back of this book, put together a draft business plan on a word processor and spreadsheet package and then think about how you want to present it. A business plan software package may be the answer – but you probably need a professional software package such as Business Plan Pro if it is going to make much of an improvement over your draft version.

And anyway, if you use computers, you already know that most software almost does the job you want – but never exactly what you need!

## **18. How am I supposed to know how many sales I am going to make in a month? I haven't got a crystal ball.**



Good point! But apart from Gypsy Rose Lee impersonators, not many businesses have that kind of useful equipment. They still do sales forecasts though!

So where can you start? How about how many sales or how much turnover do you need to make before you earn enough to survive on? Got that figure? Right. Now you tell us, is that possible?

If we're the bank or lender providing the money for you to start or grow your business, then we really need to know that you have that information. And we need to be able to make a judgement about whether or not this is a viable business.

We can only make that judgement on what is written in your plan. If you don't write it, if you don't know what prospect you have of reaching breakeven point, then no-one else has a clue. It's your business; you have to become the expert. You have to find out the potential size of your market place and how you are going to reach it. And if you are not sure that you can generate enough sales to live on pretty quickly, we would be very reluctant to advise you to risk your money or our bank's money in your business venture.

## **19. I did one for the bank, but my application for a loan was still turned down. Business plans are a waste of time.**

It is a shame if the bank didn't go through the plan with you and explain why your application was turned down. Go back to them and ask for detailed feedback. Then discuss your business plan and the feedback with an experienced business adviser.

Basically, the reason you were turned down is that the bank didn't believe your business would successfully repay the loan – and probably that you didn't have enough security to offer them!

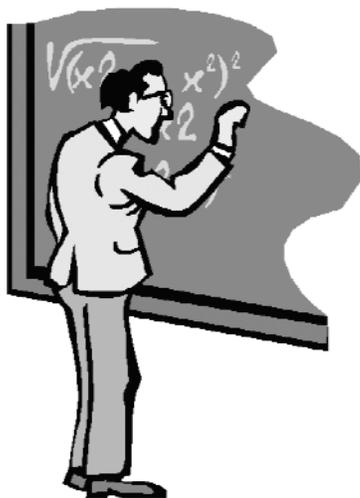
Without more information, we can't tell if they thought your plan wasn't good enough or that your business idea wasn't strong enough.

If you believe your business idea is a good one then you will want to prove the bank wrong. Improve your business plan with the help of an experienced business adviser and submit another application. In some areas there are special loan funds aimed at particular types of business – such as start-ups or technology companies – and they may be willing to take more risks than a bank in order to encourage certain types of enterprise. But they will still expect to see a well thought-out and well-prepared business plan.

## **20. I'm no good at maths.**

Nor are we! Of course you can get lots of help in developing aspects of your business plan like cash flow forecasts and budgets but don't leave this completely to others. If you seek finance, you will need to answer questions about your business – and lenders will expect you to grasp the implications of cash flow management. And it's also well worth remembering that some pretty famous people who should have known better have been ripped off by people that they trusted.

If you want some help with basic numeracy skills, this is often available free of charge. See the “Who to Contact” section.



## **21. I don't want to spend two weeks writing up a business plan when I could be out selling.**

And we wouldn't want you too either – unless that is, you were out selling at a price that was losing you money, or at a price, a quality or lead-in time you couldn't match again!

We can't think of any small business owner or manager who could justify taking two weeks out from their business just to write up a business plan. Maybe the way you are coming at this isn't the best solution.

For a start, you don't have to write it all in one sitting. And to make the most of the planning process, it needs to be a working document anyway, one that you are adding to and updating as your business progresses.

Start with an outline plan with each main heading printed on a different sheet. Just jot down a few notes in those quiet moments while you are waiting to see a customer, during your lunch break or first thing in the morning as a way of preparing yourself for the day's business. Before you know it, you'll have the bare bones in place and you should have a better idea of how you are going to draw your ideas together.

Some people really are so busy that they find they never have time to think about where they want to take their business. They lack the discipline of a structured approach to business development and keep on chasing their tails instead of thinking about their markets, their customers and their own method of ensuring that their business provides a good and reliable income.

## **22. I gave it to my business adviser and he hasn't got back to me yet.**

There is no excuse for that. Even if the adviser is waiting for someone else's opinion, you should be informed of what is happening. It is annoying but you should chase your adviser. And if that doesn't solve the problem, you may have been unlucky and found yourself a duff adviser. Sorry, but there are cowboys in every walk of life! Next time, ask around. Find out about local business clubs and see who the members might recommend.

## 23. English is not my first language.

You're right to be concerned. Although you can prepare and develop your business plan in any language, it will probably need to be in English if you want to impress anyone outside of your language community. But it's not a major problem. There are many people and organisations ready to help you to get your plan on paper.

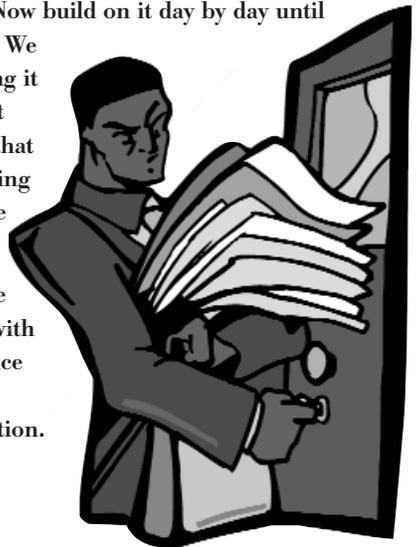
If your spoken English is not strong, do you have an English speaking friend who can help you get past the initial barriers that, unfortunately, you may come up against when you try to get professional support. Don't be put off if the first person who picks up the 'phone does not sound sympathetic. You should persist and you will almost certainly find that someone in the organisation will be delighted to help you. You provide a key opportunity for them to break into your language community. As a result they may be keen to make sure you get the best support available so that you can be held up as a role model for other community businesses.

While you are thinking about your language skills, why not sort out some English language training for yourself? Courses in English for Speakers of Other Languages (sometimes referred to as ESOL) are usually provided at no charge as part of the Government's drive towards improving Basic Skills. See the "Who to Contact" section.

## 24. I've started it . . . . .

Good. That's the tough part out of the way. Now build on it day by day until you can see that your business idea is sound. We don't care what your plan looks like, how long it is, how short it is – we just want to know that you've thought things through sensibly and that before you go risking hard-earned cash starting your business, you have a better than average chance of it working out for you.

And if you come up against something you're not sure about or something you need help with – get advice. There's lots of professional advice available – and in most cases it will cost you nothing at all. See the "Who to Contact" section.



## **25. I have a really innovative business idea and if I put it in a business plan someone might steal the idea.**

Of course, someone could steal your idea – but we haven't ever heard of this actually happening to anyone. It is more likely that, if you do truly have a good product or service and you do make huge profits, there will be a lot of people wanting to copy your ideas. Counterfeiting and 'pirating' are serious problems for some big name brands in industries such as music and fashion – and it is a big problem for consumers who get ripped off when they think they are buying the real thing.

But don't be too cautious or you will never get your product or service to market. Confidentiality is important and your business advisers will be professionals who respect confidentiality. Some business planning software now includes a confidentiality contract – although you should take professional legal advice on the actual wording if you are serious about this.

You may also want to understand the legal side of intellectual property rights and you may find the Patent Office a useful resource. See the "Who to Contact" section.

## **26. My wife deals with all that and she's too busy bringing up the family.**

What a lucky man you are! Your wife must be a wonderful woman. It is really important to have the support of your family when you are running your own business. But we hope you don't leave all of the work to her when she also has a family to look after – which no doubt includes you too!

So now might be a good time to review how you share the workload. There are two things successful entrepreneurs consistently say that they regret: one is not learning how to play the piano and the other is missing out on watching the kids grow up.

If your wife is really vital to creating the business plan, make things easier for her. Put together the business plan section headings that are most appropriate for your business (you can use the checklist at the back as a prompt) and jot down a few notes under each heading. Make sure all the information is to hand so that she doesn't have to waste time looking for anything.

Now, STOP. Don't do anything else or she will have nothing left to do when she's finished cooking your dinner and putting the kids to bed.

## **27. I've never needed a formal business plan to get support from my friends, family and community.**

We're so relieved that your business is still running – but we're surprised at you taking such a risk with money that belongs to your family, friends and community. Count yourself lucky that you haven't had the misfortune to waste all their time and goodwill by letting your business get out of control. Before it is too late, put your business on a more secure footing. Make sure your plan is sound and that you have covered all necessary risks.

It is not quite so potentially embarrassing to risk commercial finance as it would be to lose family and friends through a business failure. But then professional finance providers aren't as amenable as your friends, family and community. They will expect to see a business plan. So don't take unnecessary risks. By preparing a proper plan and working with professionals you will make your business more efficient and you will be able to pay back all those favours to your friends, family and community.

## **28. I've started it but I need more information before I can complete it.**

Well done. Starting is often the hardest part. It's all plain sailing from here.

To run a successful business, you need to be an expert in your market, so getting the additional information should never be just for the sake of the plan. You should use the information gathering process as a way of making yourself a better and more efficient business person.

Check that you've looked into all possible sources:

- Internet
- Libraries (often your local enterprise agency will have a business library that you can use)
- Newspapers, magazines and especially the trade press
- Business networks (including the Chamber of Commerce)
- Banks (they often provide information leaflets)

And don't think that you will ever 'complete' your business plan. It should be a working document that helps you to develop your business and ensure that it is efficiently run. You can carry on adding information as you come across it.

## **29. I had a flat tyre, I ran out of gas, I didn't have the money for the cab fare.**

This sounds like the excuse that was good enough to get Jake Blues out of trouble with the woman he left standing alone at the altar – but before you try it on your business adviser, remember that the woman he used this excuse on still came after him with a bazooka!

There are millions of reasons for not doing a business plan. We've just selected what we consider to be some of the best for this book. But when we say 'the best' what we mean is that they sounded good at the time, they sounded rational, believable and all the rest. But when you see them in print, you see them for what they are – just excuses.

And the same is true of business planning. Once your plan is written down, you start to see the holes in it. That might dent your ego a bit – seeing you were possibly not as smart as you thought you were – but it is also the opportunity to prove to yourself and others that you've got what it takes to succeed. Now you know what the problems are, you can find a way round them – or if not, start working on a better business idea.



## **30. Internet companies use a different business model and a business plan is not so crucial.**

Sorry??? You're telling us that it is not crucial for internet companies to plan their businesses? Are we talking about all those internet companies that went belly-up not so long ago?

Now you cute cookies out there are probably aware that loads of now non-existent internet businesses actually did have business plans – how else would they have attracted all that “smart money” from the City?

A lot of very greedy people anxious to climb on the gravy train were ready to believe any old rubbish with dot com written on the cover. True, it was a new market place with few precedents and perhaps it was easy to make mistakes. It isn't now – so there's no excuse for not having a plan for your internet business.

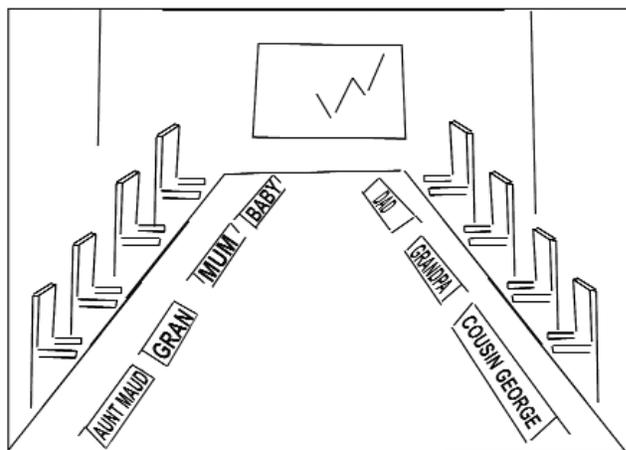
There are a lot of burned fingers out there .... Don't let it happen to you.

### 3 I. It's a family business. We don't need planning.

Ever heard of family planning? OK, it's probably true that family businesses spend more time arguing than other types of business. But remember, families find loads of things to argue about that have nothing to do with good business decisions but find their way into the business agenda. We are not knocking family businesses – they can be incredibly successful and efficient (especially the ones that plan) but let's flag up a couple of problems that often trouble family firms. One is a problem for people outside the business and one is for the family members themselves.

When dealing with a family business, outsiders sometimes find it difficult to know who they should be talking to. Who is the main decision-maker? Who is responsible for recruiting? Who is responsible for accounts? You may know intuitively who does what in your family business, but outsiders – especially those who may be useful in terms of finance – may not be happy unless they understand the role that each family member plays and the responsibilities of all key family members.

Inside, the main problem is succession. While everybody is mucking in and helping the family firm to grow, there are few problems. But what happens when someone is no longer around? It may be uncomfortable to think of the worst - but if your whole family is dependent on the firm for a secure income, then you need to think about what happens when the head of the family passes away. Who inherits the mantle? Do they want those responsibilities? Having a plan can resolve a lot of these issues, and who knows, it could cut down on the arguments!



### **32. I don't know where to go to get advice about writing a business plan.**

There are so many advisers out there that it can be a hard decision. Fortunately, a lot of business advice is provided free of charge, especially for the first consultation. This means that you should be able to get some initial support that will help you to decide what advice you need. Then you will be able to research the best way of getting support for writing your business plan.

For a first consultation about business planning, you should find out what is on offer from

- your bank
- your local Business Link
- your local Enterprise Agency
- your local Princes Trust (for people under the age of 30)
- your accountant

For more information see the “Who to Contact” section in this book.

### **33. I decided I needed a professional to do a professional plan for my business. But they're quite expensive and I can't afford it yet.**

Okay, under certain circumstances, it may be best to get a professional to prepare a really good version of your business plan – say, if you are asking for buckets of money. But still, before you get to that stage, you really need a working business plan of your own, firstly, because you really need to know all about your business and, secondly, because you are going to have to tell the professional business plan writer all about your business and the best way to do that is...you've got it.... to give her/him a business plan.

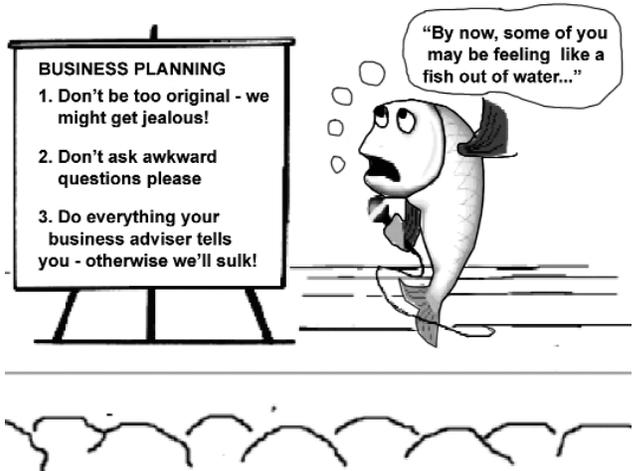
There really is no getting out of it. A good plan writer is just that, a good plan writer. There's no guarantee that they will know whether your ideas or your data is sound – so you still have to do most of the hard work. Sorry.

### **34. I went to a seminar on business planning but everyone else seemed to know more than me and none of it was relevant. I was too embarrassed to ask questions and my business idea won't fit into their business plan template.**

This is why a lot of business advisers don't like templates. They don't always get the time to explain how templates can best be used. A checklist, like the one at the end of this book, is often enough to get you started. If your idea will not fit into the right boxes, that could be good. It may mean you have an innovative idea.

But if you want to sell that idea to someone, you will need to be able to express it in a form that they will understand. So run through the checklist and where you don't think that your business idea fits, make sure that you've got those points covered so that when someone asks you about them, you have a full and complete answer to give them. If you really can't do a traditional business plan, how else can you present your business idea, and the product or service? Can you make a video? Can you make a series of flash cards? If your business idea is a product, is it feasible to make one to show to people, or a model or a mock up? If you want to sell software services, can you run a demo on a laptop? All of these ideas – or none – may be appropriate. You know your product or service best and you must work out how to present it in the best possible light. But if all you can say is “Doh” every time this

issue comes up, you will have trouble gaining that vital component in every business – credibility. And without that, you will struggle to get people to take you seriously, no matter how good your business idea is.



### **35. My adviser said that I needed to do some market research before we can do much of a plan and, to be honest, I don't know how to go about it.**

Market research is a good idea but...until you get going on your plan, you don't always know what you need to research! If your advisor is a professional they should be able to give you some idea on how to make a start - or at least introduce you to someone else who can help.

Unless you are already loaded, well-connected or ultra-smart (in which case you won't be needing our advice) you will need to do a fair bit of market research for yourself – what do people want from your products or service, how many customers are there, how much will they pay, what do your competitors do, what will it cost to start – and so on.

Sooner or later, you have to get out there and ask questions. And if you did hire a market researcher to ask the questions, how would you know they gave you the right answers. They aren't the experts in your business, you are. And you may well spot opportunities or problems from talking to potential customers that a market researcher wouldn't spot in a month of Sundays!

Be careful about any market research you carry out among your friends and family. Apart from the obvious (that is, they may be reluctant to give you negative feedback) you may put them in an awkward and embarrassed position which may have an effect on your subsequent relationship with them.

Some advisers may suggest that you should have your product out with you when you do your market research so that when you ask them “Would you buy a widget like this for five pound” and they say “Yes”, you can test how strongly they hold that view by offering that sample to them for cash then and there. You should be aware that this is the sort of thing that the market research professionals would not like and, depending on where the contact came from, you may be breaching data protection or privacy legislation.

**36. My business offers high value service but to just a few key customers. My business is totally dependent on those few customers and there is nothing for me to plan. I can't even book a holiday because I need to be at their beck and call.**

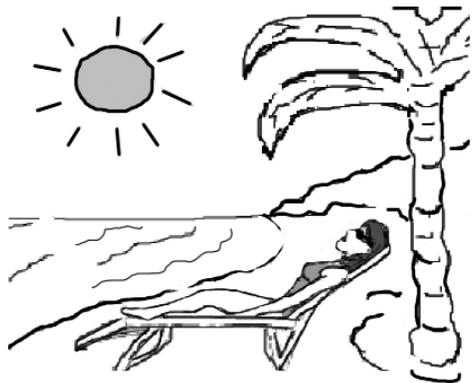
Glad to make your acquaintance now, because we suspect you may be heading for an early grave. However we do know how you are feeling, it happens a lot.

Sometimes when we get too close to something, we can't get an objective view of the situation. You seem to think you are all right now, but what if your customers change? What if the buyer gets a new job and moves on? What if someone with more time does develop a strategy that better meets the needs of your few key customers? And let's face it, with highly demanding customers like yours, you aren't going to keep them all satisfied for ever.

Anyway, holidays are really important – even your miserable customers can't be that heartless to deliberately deny you a holiday at some point – can they?

Take some time out now – some holiday and some thinking time. Can you diversify your customer base so that you are not so dependent on those few key customers? Maybe the answer is no, but you do need to think about what you are doing carefully. And that is all business planning is really. It is thinking about your business and writing it down so that you can check that you have covered all the angles. Predicting the future isn't easy, customers are fickle but at least it is easier to research your market when you have just a few key customers - you know them well. Use your knowledge to plan what will work for them and you – it will save on funeral expenses.

Send us a postcard from the Caribbean.....



**“Just another ten minutes - then I'll start working on the business plan!”**

### **37. We're currently trying to recruit somebody and managing the business plan would be part of their job description.**

So the first part of your business plan is to recruit a business planner?

Well okay, getting the first part done is often the trickiest part. The next stage will be working out how you provide your new business planner with a proper briefing.

Or are they going to make all the decisions? Perhaps they might plunge your business into “analysis paralysis” by exploring every “what if” scenario on your behalf?

Now it may be that your new employee is an absolute whizz at business planning. Perhaps they've helped to plan other business ventures along similar lines. If they are that good, how do you know your business can afford them? And perhaps you might want to ask why they aren't working for themselves?

Look, all we are saying here is delegate by all means but don't abdicate, it's your future, it's your business and it's up to you to be the guiding light. Smart people recognise where they don't have the all the skills. It's okay to buy in expertise but you still have to provide the direction.

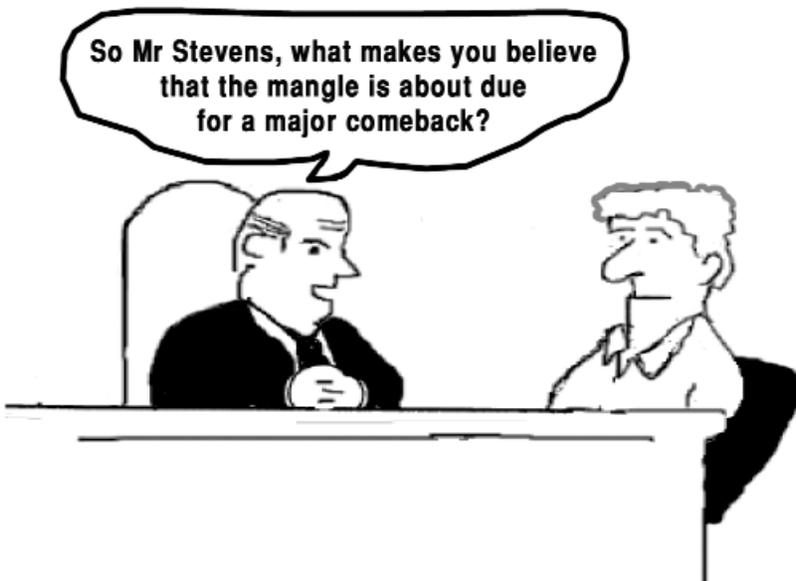
### **38. The last time I tried to do a plan, the profit and loss figure showed I was dead in the water. But here I am, five years later, still trading. Give me a good reason to do it . . .**

Your last business planning exercise must have been really good. It identified the dangers your business faced and showed you how close it was to non-viability. That meant that you were aware of the dangers and found a solution that has kept you trading for five years despite the marginal nature of your business. If only we could bottle what you have and sell it, we could make a mint. Is that a good enough reason for you? Or did you really do those sums and then totally ignore everything you'd learnt in your business planning process? Hmm.

### **39. I've checked out my idea with loads of friends and people in my family. They think it's a winner so why do I need a plan?**

No No NO NO NO . . . look we've told you about this before. Family and friends are the last people to ask. They want to support you, they want you to succeed (usually) and they like to be encouraging. So how the heck are you going to get an objective opinion from them?

If you want to find out if you have an idea that is sound, it's the people who will be paying for your goods and services that you need to ask. And unless it's friends and family that will be your financiers, manufacturers, packers, distribution and sales team to mention but a few, then you have a few other people to talk to as well.



## **So what is a business plan?**

By now you know us well enough to expect a bent answer to a straight question .... but not this time. A business plan is just a device to help you check out your business ideas. It's not about making life difficult but about helping you convert your ambitions into reality – without acquiring too many lumps, bruises and debts along the way.

A good business plan does this by replacing assumptions with considered opinion and quantifiable answers – not all the answers, it's true – but enough to know that you are not wasting your time, money and effort on a turkey.

You may not need to raise finance from a bank or other source to start your business (though if it's your money you are risking, all the more reason to take care with it) but having done your plan, you should feel that you know enough to answer the kind of questions a lender would ask you.

And it isn't just what you have written down that matters. Having done your plan, you will feel more confident in promoting your business to others because you have considered the risks and the problems – and have managed to find a route round them. And when you find yourself, as no doubt you occasionally will, up to your neck in it with crocodiles snapping at your backside, your business plan will help to remind you that the original intention was to drain the swamp!

How complicated your plan needs to be will depend on the nature of your business – but remember old cynics like us have a formula –“the fatter the plan, the thinner the idea behind it.” The best business ideas are simple ones – they readily convince others.

Some plans have to be big. If your plan involves a business start employing 50 people then it may need a lot of detail about your management skills, employment law knowledge and recruitment plans. These may all be important to making the business work. But if you can't sell us the actual idea in a few minutes or a few paragraphs, we are unlikely to be swayed just because you've got a big one!

The business plan checker in this book will give you a pretty good idea of the things we think your business plan should contain but it really depends on your business. If your ambition is to sell fruit and veg off a market stall, we won't expect a thirty page plan on your marketing strategy but we will be impressed to see that you've thought about marketing – even if it's just to tell us that you are training to shout louder than the other traders.

But let's face it, it's not us you should be convincing – it's you.

## **What a business plan isn't (or shouldn't be)**

A straight-jacket to stifle innovation

Written in stone at the conception of the business never to be referred to again



A guarantee of success

An licence for business consultants to raid your cheque book

An end in itself

A work of fiction

A wild guess

# **The Business Plan Wonder Checker – patent pending!**

If you can look down this list of questions and answer most of them, or have a damn good reason why you don't need to answer them, then you are well on the way to having the basis of a thorough business plan.

## **Overview/Introduction**

What is my business?

Why should the person I want to read this plan be excited by it?

## **The Business**

What will it make or do?

Is it profitable?

What type of business will it be – limited company, partnership, sole trader or other?

Why have I chosen that structure?

What are my business aims and objectives?

Why do I believe these can be achieved?

Who will be my suppliers?

Are they reliable?

## **The Market**

Why is there a need for my goods or services?

Why will people choose to buy from me in preference to my competitors?

Who exactly will my customers be?

How much are they prepared to pay?

What do I need to charge?

How many customers am I likely to get?

What evidence do I have for likely sales?

Who are my competitors?

What are their strengths and weaknesses?

## **Marketing Strategy**

How am I going to attract customers?

What is the best way to inform them of my goods or services?

What are the costs of marketing to my customers?

Do I have the skills to do this or do I need to 'buy' in?

## **Sales Strategy**

What is my route to market – wholesale, retail, business to business, direct marketing, telesales, door to door?

Can I sell or will I need help?

Can I cope with peak periods?

Who deals with sales queries if I'm out on the road selling all day?

What after-sales support do I need to provide?

## **Resources**

What will it cost to get the business up and running including:

Premises – rates, power, parking, security, etc.

Equipment – production machinery, computers, telephones, etc.

Transport – petrol, tax, insurance, repairs, etc.

Insurance – professional indemnity, employers liability, etc.

Legal – contracts, data protection, health and safety training, etc.

People – staff wages, National Insurance.

Stock or materials . . . . .

. . . . and anything else I need to buy?

What skills does the business need to begin with and to grow?

Have we got all those skills or do I need to employ staff, get experts, seek help, take up training?

Where is the best place to locate the business?

Can we afford that location?

Are premises available?

What are my legal obligations – employment, Health and Safety, Food Hygiene, Environment, etc?

## **Financial**

How much money will I need as working capital?

How much will I need to borrow?

How much am I investing directly in the business?

How long will it take for customers to pay me?

Do I need to set up credit card payment facilities and what will that cost me?

How much credit will suppliers give me?

Who is going to do the accounting and bookkeeping?

Do I need to be VAT registered?

Have I got a sales forecast and a cash flow forecast?

Have I done a profit and loss forecast?

What happens if interest rates change?

What do I do if a customer doesn't pay?

## **The Personal Dimension**

Having explored this idea in full, do I really want to go through with it?

Can I work all the hours needed?

What will my family think about it?

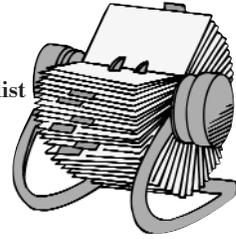
What happens if I break a leg or need a holiday?

What income do I need to survive on and be able to keep running the business?



## WHO TO CONTACT

Having spent most of this book whining on at you about how producing a business plan is your job - well here's a list of organisations who should be able to help you through the process . . . .



### **NFEA**

The National Federation of Enterprise Agencies is the membership body for Local Enterprise Agencies in England. It forms a network of independent, not for profit local agencies committed to responding to the needs of small and growing businesses by providing a comprehensive range of quality services. A link on their web site ([www.nfea.com](http://www.nfea.com)) will help you to find your nearest Enterprise Agency in England.

### **Small Business Service**

The Small Business Service (SBS) wants to accelerate the drive to make the UK the best place to start and grow a business by 2005. It is the task of the SBS, as an agency of the Department of Trade and Industry working with the rest of government, to lead in delivering this vision - [www.sbs.gov.uk](http://www.sbs.gov.uk)

SBS also operate the business link web site to provide business information.

### **Young Enterprise**

Founded in 1963, UK registered charity Young Enterprise runs a range of business and enterprise education programmes for young people - [www.young-enterprise.org.uk](http://www.young-enterprise.org.uk)

### **Prince's Trust**

The Prince's Trust is a UK charity that helps young people overcome barriers and get their lives working. Through practical support including training, mentoring and financial assistance, they help 14 - 30 year olds realise their potential and transform their lives - [www.princes-trust.org.uk](http://www.princes-trust.org.uk)

### **Shell LiveWIRE**

Shell LiveWIRE helps 16-30 year olds to start and develop their own business. They also host a national competition for new business start-ups - [www.shell-livewire.org](http://www.shell-livewire.org)

### **Business Link**

Business Link is the national business advice service. It provides straightforward information for your business needs and access a wide network of business support organisations. To speak to Business Link, call 0845 600 9 006. To find your local Business Link, go to [www.businesslink.gov.uk](http://www.businesslink.gov.uk)

## **Business Eye Wales**

Business Eye Wales provides business advice and information online ([www.businesseye.org.uk](http://www.businesseye.org.uk)) or through a low cost number: 08457 96 97 98

## **Invest Northern Ireland**

InvestNI started to consolidate Northern Ireland's economic-development agencies into one service-delivery vehicle in 2002 - [www.investni.com](http://www.investni.com)

## **Highlands and Islands Enterprise**

The task of the Highlands and Islands Enterprise (HIE) network is to unlock potential and help create a strong, diverse and sustainable economy where quality of life is matched by quality of opportunity. HIE activities are primarily delivered through ten Local Enterprise Companies: [www.hie.co.uk](http://www.hie.co.uk)

## **Small Business Gateway/ Scottish Enterprise Network**

The Small Business Gateway is a service provided by the Scottish Enterprise Network and local partners for Scotland's small business community. The Small Business Gateway provides a single point of access to a range of integrated services offering assistance for Business Information, Business Start-up and Business Growth - [www.bgateway.com](http://www.bgateway.com)

## **The Patent Office**

The Patent Office is responsible for Intellectual Property (Copyright, Designs, Patents and Trade Marks) in the UK - [www.patent.gov.uk](http://www.patent.gov.uk)

## **Literacy and numeracy**

For advice on literacy and numeracy – including English for Speakers of Other Languages (ESOL) – you should contact your local college of further education.

## **Business Clubs**

There is a wide variety of business clubs and interest groups covering different geographical areas as well as different sectors and communities. Find out what is available and appropriate for you at your local enterprise agency or chamber of commerce.

## **Chambers of Commerce**

The British Chambers of Commerce comprise nationally a network of quality-accredited Chambers of Commerce in the UK. Accredited Chambers are local, independent, non-profit making and non party-political organisations, funded by membership subscriptions. Their web site ([www.chamberonline.co.uk](http://www.chamberonline.co.uk)) provides a link to a list of local chambers.

## Epilogue

If you make loads of money as a result of us nagging you about doing a business plan, you are encouraged to show your appreciation with generous quantities of the folding stuff. If you fail to make your fortune despite having done a business plan... heh, it's a tough world out there, and our business plan clearly stated a 'No Refunds' policy.

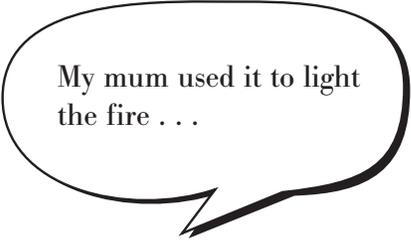
We do however wish you the very best of luck. PS. If you've got a great excuse for not producing your business plan, we'd love to hear it! E-mail us at: [info@cut-edge.co.uk](mailto:info@cut-edge.co.uk).



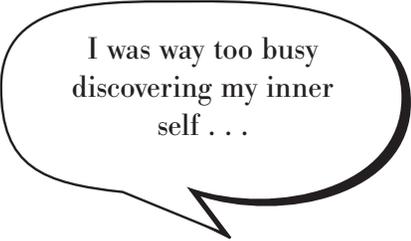
**"I've been in  
this business  
for over 35  
years"**



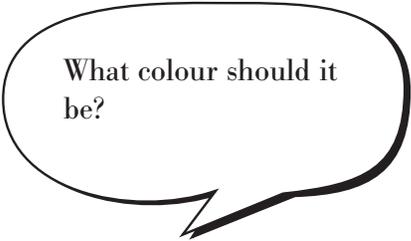
I left it on the bus . . .



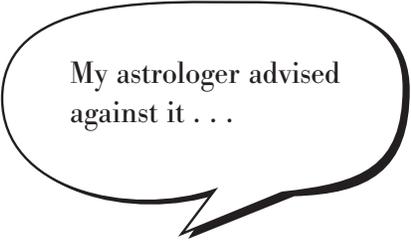
My mum used it to light  
the fire . . .



I was way too busy  
discovering my inner  
self . . .



What colour should it  
be?



My astrologer advised  
against it . . .

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