How to complete:

This business plan consists of more than 150 questions divided into several sections, which then form the narrative of a business plan. Work through the sections in any order that you want, except for the Executive Summary, which should be done last. Skip any questions that do not apply to your type of business.

When you are finished writing your first draft, you'll have a collection of small essays on the various topics of the business plan. Then you'll want to edit them into a smooth-flowing narrative for someone else to read.

The true value of creating a business plan, whether its designed for someone else to read or not, is not in completing the plan - the value lies in the process of researching and thinking about your creative business in a systematic way, and with an eye to the way that traditional or non-creative business might be assessed. The act of planning helps you to think things through, helps you figure out the areas that require more study and research if you are not sure of the facts, and it helps you to look at your ideas critically. It takes time now, but avoids costly, perhaps disastrous, mistakes later. Also be sure to keep detailed notes on your sources of information and on the assumptions underlying your financial data.

This business plan is a generic model suitable for all types of creative businesses. However, you should modify it to suit your particular circumstances. Before you begin, review the section titled Refining the Plan, found at the end. It has tips for fine-tuning your plan to make an effective presentation to potential investors or bankers. If this is why you're creating your plan, pay particular attention to your writing style. You will be judged by the quality and appearance of your work as well as by your ideas.

It typically takes at least a week to complete a good plan. Most of that time is spent in research and re-thinking your ideas and assumptions, which is where the value of the process lies. Set aside time to do the job properly. Those who do never regret the effort.

And finally, don’t forget that business planning is a lifelong activity. It’s not something that we only do at the beginning, or when we need a loan. A business plan is an organic, growing document that needs to be reviewed and refreshed every 12 months or so.
Business Plan

TITLE PAGE

(Feel free to design this and make it match your overall brand)

OWNERS

Your Business Name
Street Address
Address 2
City, State, Postcode
Telephone
E-Mail
Website
I. Table of Contents
II. Executive Summary

Write this section last.

Try and keep it at two pages or fewer.

Imagine that you were having a five minute meeting with a potential investor or bank manager. What would you like to say in that short amount of time?

Explain the fundamentals of the proposed creative business: What is your service? Do you offer products as well? Perhaps you're a writer who can sell copies of your books or other written offerings.

Or are you a product supplier who can offer services too? Perhaps you're a visual artist who makes goods, and can also offer training or studio tours?

Who will your clients or clients be? Who are the owners of this business? What do you think the future holds for your business and your industry?

Make it enthusiastic, professional, complete, and concise.

If applying for a loan, state clearly how much you want, precisely how you are going to use it, and how the money will make your business more profitable, thereby ensuring repayment.
III. General Business Description

What business will you be in? What will you do?

Mission Statement: Many businesses have a brief mission statement, usually in 30 words or fewer, explaining their reason for being and their guiding principles. If you want to draft a mission statement, this is a good place to put it in the plan. Research mission statements online to get a feel for how they are written.

Business Goals and Objectives: Goals are destinations - where you want your business to be. Objectives are progress markers along the way to goal achievement. For example, a goal might be to have a healthy, successful business that is a leader in your field and that has a loyal client following. Objectives might be annual turnover targets and some specific measures of client satisfaction.

Business Philosophy: What is important to you in business?

Who are your potential clients or customers? To whom will you market your products? (State it briefly here—you will do a more thorough explanation in the Marketing Plan section).

Describe your creative industry. Is it a growth industry? What changes do you foresee in the industry, short term and long term? How will your business be poised to take advantage of them?

Describe your most important business strengths and core competencies. What factors will make the business succeed? What do you think your major competitive strengths will be? What background experience, skills, and strengths do you personally bring to this new venture?

Legal form of ownership: Sole trader, partnership, proprietary limited company, special purpose vehicle, co-operative? Which one are you, and why have you selected this form?
IV. Products and Services

Describe in depth your products or services (technical specifications, drawings, photos, sales brochures, and other bulky items belong in *Appendices*).

What factors will give you competitive advantages or disadvantages? Examples include level of quality or unique or proprietary features.

What are the pricing, fee, or leasing structures of your products or services?
V. Marketing Plan

Market research - Why?
No matter how good your product and your service, your business cannot succeed without effective marketing, and this begins with careful, systematic research. Even if you feel that you know your intended market, do as much research as you can to make sure you're on track. Use the business planning process as your opportunity to uncover relevant information and to question your marketing efforts. Your time will be well spent.

Market research - How?
There are two kinds of market research: primary and secondary.

Secondary research means using published information such as industry profiles, trade journals, newspapers, magazines, census data, and demographic profiles. This type of information is available online, in public libraries, industry associations, chambers of commerce, from vendors who sell to your industry, and from government agencies.

Start with your local library. Most librarians are pleased to guide you through their business data collection. You will be amazed at what is there. There are more online sources than you could possibly use. Your chamber of commerce has good information on the local area. Trade associations and trade publications often have excellent industry-specific data. Also go to your professional association or union if you have one, and government departments that deal with your area of the arts.

Primary research means gathering your own data. For example, if you're thinking of opening a shopfront then do your own traffic count at a proposed location, use the web to identify competitors, and do surveys or focus-group interviews to learn about consumer preferences. Professional market research can be very costly, but there are many books that show small business owners how to do effective research themselves.

In your marketing plan, be as specific as possible; give statistics, numbers, and sources. The marketing plan will be the basis, later on, of the all-important sales projection.
Economics
Facts about your industry:

- What is the total size of your market?
- Current demand in target market.
- Trends in target market - growth trends, trends in consumer preferences, and trends in product or service development.
- Growth potential and opportunity for a business of your size.
- What barriers to entry do you face in entering this market with your new company? Some typical barriers are:
  - High capital or start-up costs
  - High production costs
  - High marketing costs
  - Consumer acceptance and brand recognition
  - Training and skills
  - Unique technology and patents
  - Unions
  - Shipping costs

- How will you overcome the barriers?
  - How could the following affect your business?
    - Change in technology
    - Change in government regulations
    - Change in the economy
    - Change in your industry

Products and/or Services
In the Products and Services section, you described your products and services as you see them. Now describe them from your clients’ point of view, and outline the features and benefits. For each product or service:

- Describe the most important features. What is special about it?
- Describe the benefits. That is, what will the product or service do for the customer?

What’s the difference between features and benefits? For example, a house gives shelter and lasts a long time, and is made with certain materials and to a certain design; those are its features. Its benefits include pride of ownership, financial security, providing for the family, and inclusion in a neighbourhood. You build features into your product or service so that you can sell the benefits.

Also, what after-sale services will you give? Some examples are discount on next service, 2-for-1 offers, warranty, service contracts, support, follow-up and so on.
Clients
Identify your targeted clients, their characteristics, and their geographic locations, otherwise known as their demographics.

The description will be completely different depending on whether you plan to sell to other businesses or directly to consumers. If you sell a consumer product, but sell it through a channel of distributors, wholesalers, and retailers, you must carefully analyse both the end consumer and the middleman businesses to which you sell.

You may have more than one client group. Identify the most important groups. Then, for each client group, construct what is called a demographic profile:

- Age
- Gender
- Location
- Income level
- Social class and occupation
- Education
- Other (specific to your industry)

For business clients, the demographic factors might be:

- Industry (or portion of an industry)
- Location
- Size of firm
- Quality, technology, and price preferences
- Other (specific to your industry)

Competition
What other businesses and/or products will compete with you? List your major competitors. Will they compete with you across the board, or just for certain products, certain clients, or in certain locations?

Will you have important indirect competitors? (For example, Foxtel competes with cinemas, although they are different types of businesses.)

How will your products or services compare with the competition?
Use the **Competitive Analysis** table below to compare your business with your two most important competitors. In the first column are key competitive factors. Since these vary between industries, you may want to customise the list of factors.

In the column labelled **Me**, state how you honestly think you will stack up in clients' minds. Then check whether you think this factor will be a strength or a weakness for you. Sometimes it is hard to analyse our own weaknesses, so be as honest as you can here. Better yet, ask someone else to assess you, this can be a real eye-opener. And remember - you cannot be all things to all people. In fact, trying to be causes many business failures because efforts become scattered and diluted. You want an honest assessment of your business’ strong and weak points.

Now analyse each major competitor. In a few words, state how you think they compare.

In the final column, estimate the importance of each competitive factor to the clients. 1 = critical; 5 = not very important.

**Table 1: Competitive Analysis**

<table>
<thead>
<tr>
<th>FACTOR</th>
<th>Me</th>
<th>Strength</th>
<th>Weakness</th>
<th>Competitor A</th>
<th>Competitor B</th>
<th>Importance to Client</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Price</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quality</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Selection</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Products</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reliability</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stability</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expertise</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reputation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Location</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Appearance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creativity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Awards</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advertising</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Image</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Now, write a short paragraph stating your competitive advantages and disadvantages. This should feature underneath your competitive analysis.

**Niche**

Now that you have systematically analysed your industry, your service, your clients, and the competition, you should have a clear picture of where your business fits into the world.

In one short paragraph, define your niche, your unique corner of the market.

**Strategy**

Now outline a marketing strategy that is consistent with your niche.

**Promotion**

How will you get the word out to clients?

Advertising: What media, why, and how often? Why this mix and not some other?

Have you identified low-cost methods to get the most out of your promotional budget?

Will you use methods other than paid advertising, such as social media, attending events, printed material, word of mouth (how will you stimulate it?), and network of friends or professionals?

What image do you want to project? How do you want clients to see you?

What plans do you have for graphic image support? DO you have a brand? This includes things like logo design, cards and letterhead, brochures, signage, and interior design (if clients come to your place of business).

What about a system to identify repeat clients and then systematically contact them?

**Promotional Budget**

How much will you spend on the items listed above?

Before startup? (These numbers will go into your startup budget.)

Ongoing? (These numbers will go into your operating plan budget.)
**Pricing**
Explain your method or methods of setting prices. For most small businesses, having the lowest price is not a good policy. It robs you of needed profit margin; clients may not care as much about price as you think; and large competitors can undercut you anyway. Usually you will do better to have average prices and compete on quality and service.

Does your pricing strategy fit with what was revealed in your competitive analysis?

Compare your prices with those of the competition. Are they higher, lower, the same? Why?

How important is price as a competitive factor? Do your intended clients really make their purchase decisions mostly on price?

What will be your client service policy?

**Proposed Location**
You may not need a location outside the home, but if you do, think about what you want and need in a location. Many startups run successfully from home for a while.

- You will describe your physical needs later, in the *Operational Plan* section. Here, analyse your location criteria as they will affect your clients.
- Is your location important to your clients? If yes, how?
- If clients come to your place of business:
  - Is it convenient? Parking? Interior spaces? Not out of the way?
  - Is it consistent with your image?
  - Is it what clients want and expect?
  - Where is the competition located? Is it better for you to be near them (like art galleries or groovy cafes) or distant (like boring office buildings)?

**Distribution Channels**
How do you sell your services or products?
- Direct (mail order, Web, catalogue)
- Wholesale
- Retail
- Your own sales force
- Agents
- Independent representatives
- Bid on contracts
Sales Forecast
Now that you have described your products, services, clients, markets, and marketing plans in detail, it's time to attach some numbers to your plan.

Use a sales forecast spreadsheet to prepare a month-by-month projection. The forecast should be based on your historical sales, the marketing strategies that you have just described, your market research, and industry data, if available.

You may want to do two forecasts:
1) a "best guess", which is what you really expect, and
2) 2) a "worst case" low estimate that you are confident you can reach no matter what happens.

Remember to keep notes on your research and your assumptions as you build this sales forecast and all subsequent spreadsheets in the plan. This is critical if you are going to present it to funding sources.
VI. Operational Plan

Explain the daily operation of the business, its location, equipment, people, processes, and surrounding environment.

Production
How and where are your products or services produced?

Explain your methods of:
- Production techniques and costs
- Quality control
- Customer service
- Inventory control
- Product or service development

Location
What qualities do you need in a location? Describe the type of location you’ll have.

Physical requirements:
- Amount of space
- Type of building
- Zoning
- Power and other utilities

Access:
- Is it important that your location be convenient to transportation or to suppliers?
- Do you need easy walk-in access?
- What are your requirements for parking and proximity to freeway, airports, railroads, and shipping centres?

Include a drawing or layout of your proposed facility if it is important, as it might be for a manufacturer.

Construction? Most new companies should not sink capital into construction, but if you are planning to build, costs and specifications will be a big part of your plan.

Cost: Estimate your occupation expenses, including rent, but also including maintenance, utilities, insurance, and initial remodelling costs to make the space suit your needs. These numbers will become part of your financial plan.

What will be your business hours?
Legal Environment
Describe the following:

• Licensing requirements
• Permits
• Health, workplace, or environmental regulations
• Special regulations covering your industry or profession
• Zoning or building code requirements
• Insurance coverage
• Trademarks, copyrights, or patents (pending, existing, or purchased)

Personnel

• Number of employees
• Type of labour (skilled, unskilled, and professional)
• Where and how will you find the right employees?
• Quality of existing staff
• Pay structure
• Training methods and requirements
• Who does which tasks?
• Do you have schedules and written procedures prepared?
• Have you drafted job descriptions for employees? If not, take time to write some. They really help internal communications with employees.
• For certain functions, will you use contract workers in addition to employees?

Inventory (if necessary)

• What kind of inventory will you keep: raw materials, supplies, finished goods?
• Average value in stock (i.e., what is your inventory investment)?
• Rate of turnover and how this compares to the industry averages?
• Seasonal build-ups?
• Lead-time for ordering?

Suppliers

Identify key suppliers:

• Names and addresses
• Type and amount of inventory furnished
• Credit and delivery policies
• History and reliability

Should you have more than one supplier for critical items (as a backup)?

Do you expect shortages or short-term delivery problems?

Are supply costs steady or fluctuating? If fluctuating, how would you deal with changing costs?
**Credit Policies**

- Do you plan to sell on credit?
- Do you really need to sell on credit? Is it customary in your industry and expected by your clientele?
- If yes, what policies will you have about who gets credit and how much?
- How will you check the creditworthiness of new applicants?
- What terms will you offer your clients; that is, how much credit and when is payment due?
- Will you offer prompt payment discounts? (Hint: Do this only if it is usual and customary in your industry.)
- Do you know what it will cost you to extend credit? Have you built the costs into your prices?

**Managing Your Accounts Receivable**

If you do extend credit or work from invoices, you should do a projection at least monthly to track how much of your money is tied up in credit given to clients and to alert you to slow payment problems. A receivables projection looks like the following table:

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Current</th>
<th>30 Days</th>
<th>60 Days</th>
<th>90 Days</th>
<th>Over 90 Days</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Receivable Projection</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

You will need a policy for dealing with slow-paying clients:

- When do you make a phone call?
- When do you send a letter?
- When do you get your lawyer or use Arts Law Australia to threaten?
Managing Your Accounts Payable
You should also manage your accounts payable, which is what you owe to your suppliers. This helps you plan whom to pay and when. Paying too early depletes your cash, but paying late can cost you valuable discounts and can damage your credit. (Hint: If you know you will be late making a payment, call the creditor before the due date.)

Do your proposed vendors offer prompt payment discounts?

A payables projection looks like the following table.

<table>
<thead>
<tr>
<th>Total</th>
<th>Current</th>
<th>30 Days</th>
<th>60 Days</th>
<th>90 Days</th>
<th>Over 90 Days</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Payable Projection</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
VII. Management and Organisation

Who will manage the business on a day-to-day basis? What experience does that person bring to the business? What special or distinctive competencies? Is there a plan for continuation of the business if this person is lost or incapacitated?

If you'll have more than 5 employees, create an organizational chart showing the management hierarchy and who is responsible for key functions.

Include position descriptions for key employees. If you are seeking loans or investors, include resumes of owners and key employees.

Remember, you can use freelancers or sub-contractors to help you out. Remember they will also need contract for their work, and you may need to pay them superannuation. Do you have to provide insurance as well?

Professional and Advisory Support

List the following and give a short introduction to each:

- Lawyer
- Accountant
- Insurance agent
- Bank
- Consultant or consultants
- Mentors and key advisors
- Board of directors
- Management advisory board
VIII. Personal Financial Statement

Include personal financial statements for each owner, showing assets and liabilities held outside the business and personal net worth. Owners will often have to draw on personal assets to finance the business, and these statements will show what is available. Bankers and investors usually want this information as well.
IX. Start-up Expenses and Capitalisation

You will have many expenses before you even begin operating your business. It’s important to estimate these expenses accurately and then to plan where you will get sufficient capital. This is a research project, and the more thorough your research efforts, the less chance that you will leave out important expenses or underestimate them.

Even with the best of research, however, opening a new business has a way of costing more than you anticipate. There are two ways to make allowances for surprise expenses.

The first is to add a little “padding” to each item in the budget. The problem with that approach, however, is that it destroys the accuracy of your carefully wrought plan.

The second approach is to add a separate line item, called contingencies, to account for the unforeseeable. This is the approach I recommend.

Talk to others who have started similar businesses to get a good idea of how much to allow for contingencies. If you cannot get good information, we recommend a rule of thumb that contingencies should equal 10-20% of the total of all other start-up expenses.

Explain your research and how you arrived at your forecasts of expenses. Give sources, amounts, and terms of proposed loans. Also explain in detail how much will be contributed by each investor and what percent ownership each will have.
X. Financial Plan

The financial plan consists of a 12-month profit and loss projection, a four-year profit and loss projection (optional), a cash-flow projection, a projected balance sheet, and a break-even calculation. Together they constitute a reasonable estimate of your business’ financial future. More important, the process of thinking through the financial plan will improve your insight into the inner financial workings of your company.

12-Month Profit and Loss Projection
Many traditional business owners think of the 12-month profit and loss projection as the centrepiece of their plan. This is where you put it all together in numbers and get an idea of what it will take to make a profit and be successful.

Your sales projections will come from a sales forecast in which you forecast sales, cost of goods sold, expenses, and profit month-by-month for one year.

Profit projections should be accompanied by a narrative explaining the major assumptions used to estimate Business income and expenses.

Research Notes: Keep careful notes on your research and assumptions, so that you can explain them later if necessary, and also so that you can go back to your sources when it’s time to revise your plan.

Four-Year Profit Projection (Optional)
The 12-month projection is the heart of your financial plan. This section is for those who want to carry their forecasts beyond the first year.

Of course, keep notes of your key assumptions, especially about things that you expect will change dramatically after the first year.

Projected Cash Flow
If the profit projection is the heart of your business plan, cash flow is the blood. Businesses fail because they cannot pay their bills. Every part of your business plan is important, but none of it means a thing if you run out of cash.

The point of this worksheet is to plan how much you need before startup, for preliminary expenses, operating expenses, and reserves. You should keep updating it and using it afterward. It will enable you to foresee shortages in time to do something about them—perhaps cut expenses, or perhaps negotiate a loan. But foremost, you shouldn’t be taken by surprise.
There is no great trick to preparing it: The cash-flow projection is just a forward look at your back account.

- For each item, determine when you actually expect to receive cash (for sales) or when you will actually have to spend money (for expense items).
- You should track essential operating data, which is not necessarily part of cash flow but allows you to track items that have a heavy impact on cash flow, such as sales and inventory purchases.
- You should also track cash outlays prior to opening in a pre-start-up column. You should have already researched those for your start-up expenses plan.
- Your cash flow will show you whether your working capital is adequate. Clearly, if your projected cash balance ever goes negative, you will need more start-up capital. This plan will also predict just when and how much you will need to borrow.
- Explain your major assumptions, especially those that make the cash flow differ from the Profit and Loss Projection. For example, if you make a sale in month one, when do you actually collect the cash? When you buy inventory or materials, do you pay in advance, upon delivery, or much later? How will this affect cash flow?
- Are some expenses payable in advance? When?
- Are there irregular expenses, such as quarterly tax payments, maintenance and repairs, or seasonal inventory build-up, that should be budgeted?
- Loan payments, equipment purchases, and owner's draws usually do not show on profit and loss statements but definitely do take cash out. Be sure to include them.

**Opening Day Balance Sheet**

A balance sheet is one of the fundamental financial reports that any business needs for reporting and financial management. A balance sheet shows what items of value are held by the business (assets), and what its debts are (liabilities). When liabilities are subtracted from assets, the remainder is owners’ equity.

Use a start-up expenses and capitalisation spreadsheet as a guide to preparing a balance sheet as of opening day. Then detail how you calculated the account balances on your opening day balance sheet.

Optional: Some people want to add a projected balance sheet showing the estimated financial position of the business at the end of the first year. This is especially useful when selling your proposal to investors.
Break-Even Analysis

A break-even analysis predicts the sales volume, at a given price, required to recover total costs. In other words, it's the sales level that is the dividing line between operating at a loss and operating at a profit.

Firstly, look at your fixed costs vs your variable costs.

- Fixed costs: These are costs that are the same regardless of how many items you sell. All start-up costs, such as rent, insurance and computers, are considered fixed costs since you have to make these outlays before you sell your first item.
- Variable costs: These are recurring costs that you absorb with each unit you sell. For example, if you were operating a greeting card store where you had to buy greeting cards from a stationary company for $1 each, then that dollar represents a variable cost. As your business and sales grow, you can begin appropriating labor and other items as variable costs if it makes sense for your industry.

The formula? Don't worry, it's fairly simple. To conduct your breakeven analysis, take your fixed costs, divided by your price, minus your variable costs. As an equation, this is defined as:

\[
\text{Breakeven Point} = \frac{\text{Fixed Costs}}{\text{Unit Selling Price}} - \text{Variable Costs}
\]

This calculation will let you know how many units of a product or service you'll need to sell to break even. Once you've reached that point, you've recovered all costs associated with producing your product (both variable and fixed).

Include all assumptions upon which your break-even calculation is based.
XI. Appendices

Include details and studies used in your business plan; for example:

- Brochures, website design and advertising materials
- Industry studies
- Blueprints and plans
- Maps and photos of location
- Magazine, website or other articles for research
- Detailed lists of equipment owned or to be purchased
- Copies of leases and contracts
- Letters of support from future clients
- Any other materials needed to support the assumptions in this plan
- Market research studies
- List of assets available as collateral for a loan
XII. Refining the Plan

The generic creative business plan presented above should be modified to suit your specific type of business and the audience for which the plan is written.

A Plan for Raising Capital through Banks
Bankers want assurance of orderly repayment. If you intend using this plan to present to lenders, include:

• Amount of loan
• How the funds will be used
• What this will accomplish—how will it make the business stronger?
• Requested repayment terms (number of years to repay). You will probably not have much negotiating room on interest rate but may be able to negotiate a longer repayment term, which will help cash flow.
• Collateral offered, and a list of all existing liens against collateral

A Plan for Raising Capital through Investors
Investors have a different perspective. They are looking for dramatic growth, and they expect to share in the rewards:

• Funds needed short-term
• Funds needed in two to five years
• How the Business will use the funds, and what this will accomplish for growth.
• Estimated return on investment
• Exit strategy for investors (buyback, sale, or IPO)
• Percent of ownership that you will give up to investors
• Milestones or conditions that you will accept
• Financial reporting to be provided
• Involvement of investors on the board or in management
A Plan for Creative Service Businesses

Service businesses sell intangible products. They are usually more flexible than other types of businesses, but they also have higher labour costs and generally very little in fixed assets.

• What are the key competitive factors in this industry?
• Your prices
• Methods used to set prices
  • System of production management
  • Quality control procedures. Standard or accepted industry quality standards.
  • How will you measure labor productivity?
  • Percent of work subcontracted to other firms. Will you make a profit on subcontracting?
  • Credit, payment, and collections policies and procedures
  • Strategy for keeping client base

A Plan for Creative Businesses that use Technology

• What’s the economic outlook for the industry
• Will the business have information systems in place to manage rapidly changing prices, costs, and markets?
• Will you be on the cutting edge with your products and services?
• What is the status of research and development? And what is required to:
  ○ Bring product/service to market?
  ○ Keep the Business competitive?
• How does the company:
  ○ Protect intellectual property?
  ○ Avoid technological obsolescence?
  ○ Supply necessary capital?
  ○ Retain key personnel?

High-tech businesses sometimes have to operate for a long time without profits and sometimes even without sales. If this fits your situation, a banker probably will not want to lend to you. Venture capitalists may invest, but your story must be very good. You must do longer-term financial forecasts to show when profit take-off is expected to occur. And your assumptions must be well documented and well argued.
A Plan for a Retail Business

- Business image

- Pricing:
  - Explain markup policies.
  - Prices should be profitable, competitive, and in accordance with Business image.

- Inventory:
  - Selection and price should be consistent with Business image.
  - Inventory level: Find industry average numbers for annual inventory turnover rate. Multiply your initial inventory investment by the average turnover rate. The result should be at least equal to your projected first year's cost of goods sold. If it is not, you may not have enough budgeted for startup inventory.

- Customer service policies: These should be competitive and in accord with Business image.

- Location: Does it give the exposure that you need? Is it convenient for clients? Is it consistent with Business image?

- Promotion: Methods used, cost. Does it project a consistent Business image?

- Credit: Do you extend credit to clients? If yes, do you really need to, and do you factor the cost into prices?
MORE RESOURCES FOR THE CREATIVE ENTREPRENEUR

Books

PLANNING your CREATIVE BUSINESS


MARKETING your CREATIVE BUSINESS


Websites

http://www.freelancesuccess.com.au
http://creativeentrepreneur.biz
http://www.rightbrainbusinessplan.com/about/