

3.2. Application of innovative business models

Setting up a business: documents needed, legal issues, preparing a business plan

3.2.2 Guide on how to prepare your business plan

e-module 3: (social) entrepreneurship
Cooperative start-up implementation
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What is a business plan?

In simple terms, a **Business Plan** is:

- ☐ A road map that describes in detail how a business - especially a start-up - defines its objectives and how it will accomplish its goals.
- ☐ It covers the **marketing, financial, and operational standpoints** of a business.
- ☐ It is especially useful for new businesses because it keeps them on target.
- ☐ Records what needs to happen, why, when and how much the investment will cost.
- ☐ A well-structured Business Plan is the best way to show bankers and investors that you deserve their financial support.



What is the difference between a Common Business Plan and Social Business Plan?



- ❖ The Social business plan has many similarities, but also differences with that of any other business. A social business plan, should pay attention to the following:
 - To clearly state the **social benefit**, i.e., the social need that the entrepreneur has diagnosed as well as the way in which he/she will cover it, through the provided products and / or services of the Social Business.
 - To record the **social** and **environmental impact** that the Social Business has.
 - To indicate the **composition** of the business team and the specific positions held by the employees.
 - To define the profits distribution as indicated by the national legislation (cash reserves, employees' wages and productivity incentives, business activities and job creation).



How to create a Social Business Plan (1)



TRADITIONAL BUSINESS PLAN

- Length 10 -20 pages
- Very detail oriented
- Comprehensive
- It is more suitable when you request financing from traditional sources.

LEAN BUSINESS PLAN

- Usually 1 page
- It is more suitable if you request financing from more alternative sources, such as crowdfunding.
- It has the format of a table which presents the main parts of a business that must be organized when it is set up.
- These parts are the blocks of the table where you can take brief notes for every business part.

How to create a Social Business Plan (2)

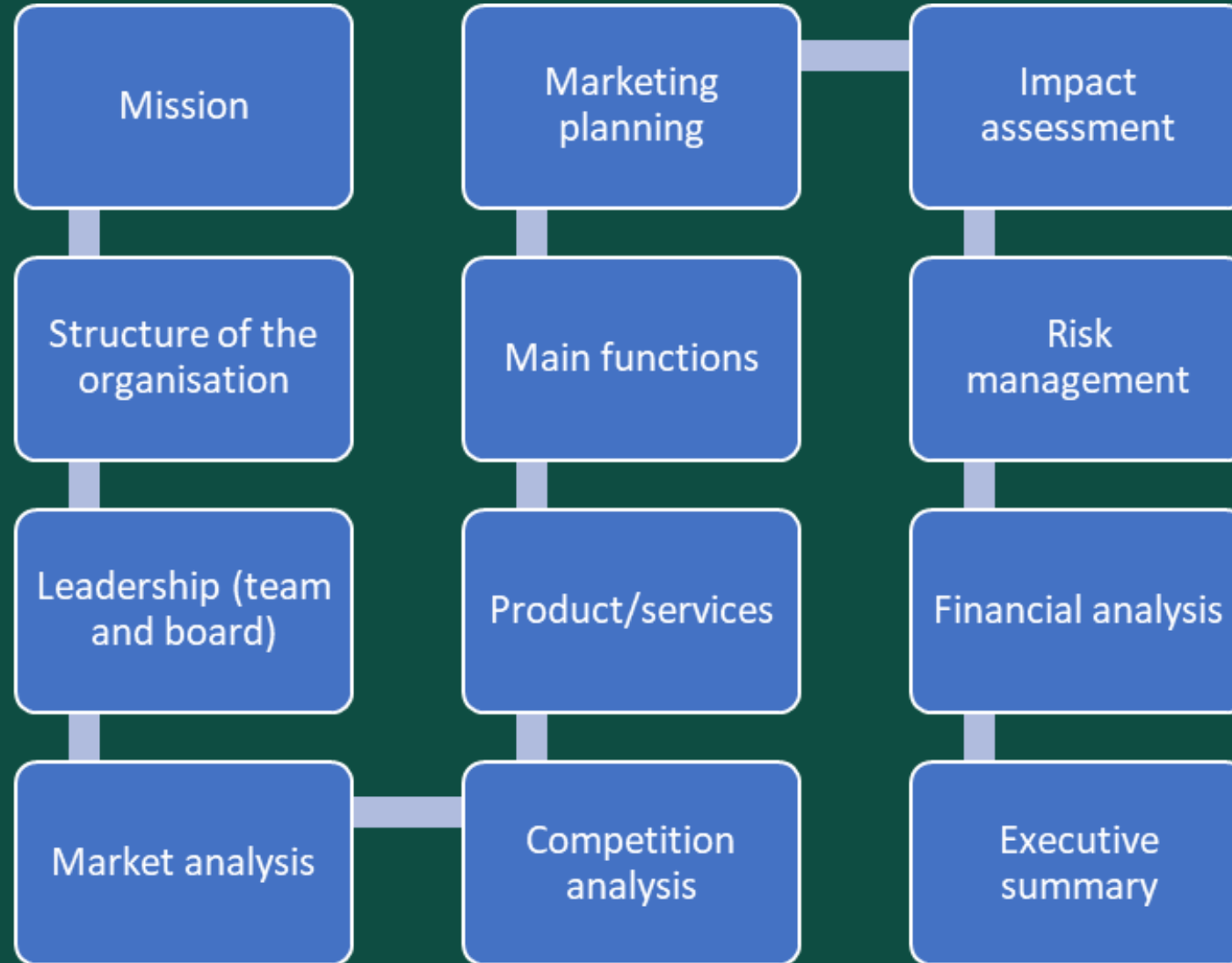
- ❑ By far the most important unit of a detailed and extensive business plan is the **Executive Summary**.
- ❑ If the purpose of the business plan is to present it to investors and banks, then special attention should be paid to the way it is written.
- ❑ The executive summary is the one that will be sent initially to potential investors. If they are interested in what they are reading, the entrepreneur will then be invited to a detailed presentation of his/her business plan.

IMPORTANT

- ✓ It is always written in the end.
- ✓ Consisting of 2 pages (max.)
- ✓ Drawing information from the other sections.



The 12 Steps of a Strong Social Business Plan



The 12 Steps of a Strong Social Business Plan (1)

1

Mission: Report of the vision, the mission, and the value proposition.

2

Structure of the Organization: Define the legal entity of the Social business, the governance, its programs, and its position.

3

Leadership (team and board): Identify the human capital involved as well as the future human resources plan (staff, counselors, volunteers, etc.)

4

Market Analysis: Capture the current status of the market/target market(s), the customer characteristics, their needs and why they consume a product / service.

5

Competition analysis:
Direct - Indirect
Competition and
alternatives or options.

6

Products / services:
Provide information and brief descriptions of the main products and services.

The 12 Steps of a Strong Social Business Plan (2)

7

Main functions. Develop the supply process for products or services, including time schedules and milestones.

8

Marketing planning: Describe the strategic approach of your target-market and define the marketing activities that will be used.

9

Impact assessment: Provide quality and quantitative information and evaluation criteria for monitoring social and environmental benefits.

10

Risk management. Evaluate possible risks (internal - external) and find alternatives/ways of dealing with them.

11

Financial analysis. Make a financial analysis to clarify the needs for the next 3-5 years, to realize financial forecasts and to manage revenues, expenses, and cash flows.

12

Executive Summary. A short summary providing the most important details of the business.

EXECUTIVE SUMMARY



Executive summary: Briefly mention what your company is

- ☐ Why will it be successful?
- ☐ What is your mission statement?
- ☐ What is your product/service?
- ☐ Basic information about: leadership team, employees, and location.
- ☐ Include financial information and high-level growth plans if you plan to ask for financing.



COMPANY DESCRIPTION



Company description: Detailed information about your company

- ☐ What problems does your business solve?
- ☐ Which consumers and/or businesses will your company serve?
- ☐ What is your competitive advantage?
- ☐ Are there experts on your team?
- ☐ Have you found the perfect location for your store?
- ☐ What are your strengths?



MARKET ANALYSIS



Market analysis: Make a competitive research

- ☐ Which is your target market?
- ☐ What are the current trends and themes in your market?
- ☐ Who are your competitors?
- ☐ What do successful competitors do? Can you do it better?



ORGANIZATION AND MANAGEMENT



Organization and Management

- ☐ How will your company be structured?
- ☐ Who will run the business?
- ☐ Which is the legal structure of your business?
- ☐ Do you have an organizational chart?
- ☐ Show how each person's unique experience will contribute to the success of your venture.
- ☐ Have you gathered resumes and CVs of key members?



SERVICE OR PRODUCT LINE



Service or Product line

- ☐ What product(s) do you sell? What service do you offer?
- ☐ How are your customers benefited by your product/service?
- ☐ What does the product lifecycle look like?
- ☐ Do you need plans for intellectual property, like copyright or patent filings?
- ☐ Have you done research and development for your service or product?
- ☐ If yes, elaborate.



Marketing and Sales

- ☐ What are your unique needs?
- ☐ Do you have a marketing strategy?
- ☐ How will you attract and retain customers?
- ☐ How will sales take place?
- ☐ Describe your complete marketing and sales strategies.



FUNDING REQUEST



Funding request: Outline your funding requirements

- ☐ How much funding will you need over the next five years?
- ☐ What will you use it for?
- ☐ Do you want debt or equity?
- ☐ What terms would you like applied?
- ☐ What period of time will your request cover?
- ☐ Do you need funds to buy equipment or materials, pay salaries, or cover specific bills?
- ☐ Include a description of your future strategic financial plans, like paying off debt or selling your business.



FINANCIAL PROJECTIONS



Financial projections: Provide financial projections to show that your business is stable and will be a financial success

- ☐ Include income statements, balance sheets, and cash flow statements for the last three to five years, if available.
- ☐ List any other collateral you have.
- ☐ Provide a prospective financial outlook for the next five years, including forecasted income statements, balance sheets, cash flow statements, and capital expenditure budgets.
- ☐ For the first year, be even more specific and use quarterly — or even monthly — projections.
- ☐ What are your projections according to your funding requests?
- ☐ Use graphs and charts to tell the financial story of your business.



PRACTICAL ACTIVITY



60 minutes

What you
will need

- ✓ Printed form: pen/pencil, highlighters, and markers (optional)
- ✓ Digital form: device connected to the internet (pc, laptop, tablet etc.), document editing software (e.g., Microsoft Word)

TIPS

- Vision your business as clear as possible.
- Engage your team/co-workers to the process.
- Be concise. This is the first draft of your idea. So, be sure that your answers are short but on-point.
- Do not be afraid to make mistakes. This is your chance to brainstorm, experiment and learn from your experience.
- Evaluate! Always review, change, and improve your business plan.

What is a brand?

❖ The term brand refers to a business and marketing concept that helps people identify a particular company, product, or individual. The company is often referred to by its brand, if it is successful, so it becomes a way of customers' identifying your business.

A brand can be:

- ✓ An identifying symbol
- ✓ A mark
- ✓ A logo
- ✓ A name
- ✓ A word
- ✓ A whole sentence
- ✓ A combination of the above



What kind of business brand do I need?



Different brands suit different products and services and will appeal to different customers:

- **Concept brands:** designed to support and promote an idea
- **Commodity brands:** associated with a product or service

Developing a business brand

A successful brand helps your business attract new customers and retain existing ones. It should be fully developed before it is inserted in advertising or on marketing material.



Which are the steps to develop a business brand? (1)

1

Conduct market research: About your competitors, the size of the market you address to, your potential customers, and find financial, demographic and statistical information about your industry. What will make your business stand out (competitive advantage)?

2

Think about successful brands: Which are the most recognizable brands for products or services and why are they considered to be successful? Find informative material on branding from business experts.

3

Consider your entire business: Branding should encompass every aspect of your business, so it needs to be reflected in the business name, business cards, premises, marketing materials, advertising, etc.



Which are the steps to develop a business brand? (2)

4

Be authentic: Describe your company's personality in a few words: values, customers, what you offer, etc. Be honest!

5

Tell the story of your business: How did your business start? How are you progressing? What do you hope to achieve?

6

Seek professional advice: Whether you develop branding by yourself or hire a professional branding consultant or designer, the brand must be based on the vision for your business. If you go for professional assistance, a good idea would be to ask and see their portfolio of work.



**EXTRA
TIP!**

If you have a small budget, use a design contest: through a design contest website, you can set your design brief and your budget and a network of designers can view it and submit designs. You can request changes to designs you like before you pick a winner. This can be cheaper than hiring a professional as many of the designers are students, but it can still produce a better result than if you did it yourself. Don't forget to seek legal advice for issues such as intellectual property, patents and trademarks.



Also consider...

...how to select and register a business name.

...how to create a website for your business.

...how to incorporate your brand in your marketing plan.

...how to conduct customer research to make sure your brand is suitable for your target audience.



Business Plan Worksheet



Marketing Planning:_____

Impact Assessment:_____

Risk Management:_____

Financial Analysis:_____

Executive Summary:_____



TRAIN-CE-FOOD project

<https://traincefood.si/en/home-english>

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