

# Activities Business Plan

## Guidance Note



## How to Develop a Business Plan

This guidance note has been prepared to help you to better understand what is required in preparation of a business plan and raising of bank finance.

The Guide follows the format of the business plan ([see here](#)), explaining each of the sections in a practical way.

As a first step, in completing a business plan you are actually developing the feasibility of your proposal. Creating the plan, preparing a set of financial projections and calculating the necessary demand for the proposal can help determine if the project is of a solid foundation.

The plan that you develop is not only a document that you can use to raise bank finance but can also be used as a roadmap for your business. The headings included are all areas of the business that you should be clear on and that you should have a plan for. The business plan can then be updated and used as a strategic document as your business develops and evolves.

## Before you Begin Writing

In advance of writing this document, you will need the research information you have developed which has helped you to formulate the business proposal. You may not need all of this information, but it may help when writing the plan. This may include the following:

- Secondary research: desk research on demand, demographics (e.g., CSO statistics), economic indicators, competitor analysis, industry analysis, etc.
- Primary research: surveys you have completed (or have had a third party complete) on potential customers, stakeholders, etc. Any primary research that you have completed should be of a sound methodology and principles.
- Financial projections data: the excel templates with the business plan will help with completing the financial P&L for the business, however you will need some background information on costs and prices to help populate the template.

### 1. Executive Summary

The Executive Summary is an overview/brief synopsis of your business plan. It is a combination of the sections 2 to 14. It includes the following information:

1. Purpose of the plan
2. Market opportunity
3. Management team
4. Track record, if any
5. Financial projections
6. Funding requirements

Write 1 to 3 sentences about each of the above topics. Then finish with a closing sentence or two that answers the question “Why is this a winning business?”. Your Executive Summary should be about 1 – 1.5 pages in length. It is a brief synopsis of the business.

As this is a summary of your overall business plan it is important to be concise yet comprehensive.

## **2. Name of Business and Contact Details**

This is the main contact information for you the owner and for your business.

## **3. Business Owners and/or Directors**

Provide the name(s) and background information about the owners and/or directors of the business. Include relevant qualifications, experience and skills which are relevant to operating the business and/or the sector. If there are a number of owners/directors it is important to note what each is bringing to the business, such as investment, expertise, etc. It is important to note who is applying for the finance.

## **4. The Business**

This is a brief description of the business and will include the following information:

### **4.1 Brief History (optional)**

This can be a brief history of the business. This may include if the business has been in the family for a number of years, if it has been recently purchased and what its history was previously. You could include the positive impact of the business in the past.



## **4.2 Short-term Strategy**

This should be a brief description of the short-term strategy of the business. What is the business looking to achieve? What are the key milestones, for example, extending the season, an extended menu in any food offering you provide, sales targets etc. Be sure to include timeframes where possible.

## **4.3 Long-term Strategy**

This is the longer-term strategy for the business. The long-term goals and aims. For example, a long-term strategy may be to increase the size of the business by increasing the activity or adding another onsite activity. Whereas the short-term strategy may be upgrading facilities, redesigning menus or becoming part of a specific marketing group for example. Be sure to include timeframes where possible. Also include how the project fits within the overall business.

## **4.4 Other Relevant Information**

This is other information that may be relevant to the business to achieve its short- or long-term goals or that may show how these goals are going to be achieved. For example, you may highlight trends in the market to show that there will be demand for your business idea, for example, statistics showing an increase in visitors to the region.

## **5. Products, services, customers and marketing**

This section is to describe the key products/services of the business, who the customers are/will be and the sales and marketing activities to achieve this.

### **5.1 Products and Services**

Describe the key features of the products and services you will offer in the business. Discuss their unique selling points and how they differentiate from competitors. Why will customers use/buy your products and services. Specify if there are competitive advantages that your product has, even if it is similar to others. For example, if you are extending the property/facility, specify why this is positive, for example, you may be able to take more groups.

### **5.2 Customers**

Describe your main customers. This should be the customer segments that you are targeting and have budgeted for your business. For example, families, corporates, weddings, school tours, etc. Also, look at segmenting your customers by geographic region, for example, domestic, UK, European, US, etc.

Show how or why you are projecting these customers and the backup research you have for them. For example, if you are an activity located beside a large resort hotel and you are looking to capture these guests.

Give as much details as you can, including seasonality, as your customers will generate your sales/revenues.

## **5.3 Marketing**

Provide a description of your marketing plan. A sales and marketing plan is a key component of your business plan as it will demonstrate how you are going to attract business. The market research you completed to get to this stage will have helped you to identify the target markets, pricing, distribution, etc. Overall, you want to give insight into how you are going to achieve the revenue projections and a sound marketing plan can help achieve this. The information should incorporate the following:

### ***5.3.1 Size of the Potential Market***

What is the size of the potential market? For example, if your market is North American tourists visiting Ireland, you may then narrow this down to the type of visitor (e.g., what type of leisure tourist), their travel patterns within the country etc.

### ***5.3.2 Market Research Completed***

This includes both the primary and secondary research including visitor statistics, trends, economic or otherwise, surveys etc. This should be relevant to the business plan and act as a back up for the reasons for the various elements of the proposed project and the business plan.

### ***5.3.3 Pricing Strategy***

The pricing strategy research may be both primary and secondary. Secondary data may include a comparison with competitors. Distribution channel may also impact pricing and credit/payment terms that you may be offering. Show why you have chosen the appropriate pricing strategy.

### ***5.3.4 Distribution Channels***

How are you selling the business? Will you be using a mix of direct, online, third party, etc? If you have a projection for the levels of business through each distribution channel or the types of customers, then this should be noted.

### ***5.3.5 Sales Strategies***

This will be linked to the distribution channels and pricing strategies and offers insight into how you are going to generate revenues. For example, are you going to offer special offers during the low season? Do you have a yield management strategy?

### ***5.3.6 Annual Estimated Marketing/Sales Spend***

This may be a total figure and/or a % of total revenue. You may have a higher percentage spend during the build-up period as you are looking to establish a base business.

### ***5.3.7 Competitors***

Many marketing plans will list competitors showing how the business can compete with these, highlighting different selling points and how the business can compete effectively.



## 6. Staff Details

Provide information on the staff required to run the business, showing the number of full-time staff and then during the peak season what this number increases to. While this is an optional section if the owner/director is an investor in the business and is not a key member of the operations staff then it would be important to show the experience of the team and how they will achieve the business plan.

Provide an overview of the key personnel who will be operating the business on a day-to-day level. The key staff members may include general manager, head of finance/financial controller, head of sales and marketing, head of HR, relevant head of department, key business expert, etc. In providing detail it is important to show any experience they have that will be directly relevant to your business.

If you have not hired your full staff, then note if you are hiring any key positions.

## 7. Legal Status

In this section you should describe the legal structure of the business (sole trader, partnership or limited company) and, if appropriate, offer an explanation on why you chose that particular legal format.

Also note any relevant licences that you have for your business, for example, tax clearance certificate, liquor licence, etc.

## 8. Names of Advisers

Identify the names of your external advisers. Accountant and solicitor are the two most common types. Also, if you are completing a large development and have specific advisers such as architect, planner etc. you may wish to include these also.

If you have a strategic partner you are working with you may wish to include them.

## 9. Suppliers - Optional

Provide the names of your key suppliers to be used. The products/services provided by them and advantages with using these suppliers as opposed to alternative suppliers. Please provide any contracts and terms (payment, delivery, quality, quantity, etc.) already agreed or to be agreed. List main suppliers only such as main food, beverage, uniforms. This may be more relevant for certain businesses and/or if there is any impact from suppliers outside of Ireland.

## 10. Business Assets

There are a number of headings under which you should provide information on your business assets. This will include the name of the asset (e.g., ABC Activity, Vehicles, etc.), ownership structure (is the asset owned, leased, under hire purchase, etc.), the latest valuation (this is most relevant for buildings, land) and the financing costs on an annual basis. There are two components to the information you need to provide here:

### 10.1 Premises, Buildings, Land, etc.

You should provide the details on the premises associated with the business and the legal status of those premises (freehold, leasehold, rented etc.)

### 10.2 Equipment

Equipment may include vehicles, large kitchen equipment, training/sports equipment etc.

## 11. Business Risks and Response to Risks

In preparing a business plan, particularly when looking for funding, it is important to recognise the potential risks and threats to the business. This section allows you to list these potential risks and how you will look to reduce or mitigate towards them. You may wish to include your key competitors and where you have competitive advantages over them.

A SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis is a useful tool when completing a business plan. Including your strengths and opportunities in this section can help support your business plan.

## 12. The Project

While you have already provided details on your business this section allows you to focus on the particular elements of the project, for which you are seeking finance. There are four areas to include information on:

### 12.1 Project Description

Give an overview of the project, what is involved and what the financing will be used towards. If there is a breakdown on how the finance will be used (on a high level) include this. If there are other elements of the operation which will be impacted positively include these also. For example, if you are renovating a food and beverage outlet and will also then create new menus and food offerings, include some information on this also. Show what the end result will be. Ultimately the project will need to be able to make a return and therefore it's important to show the value of the project and associated works.

### 12.2 Timing of any Works

Include the proposed timing and if there are any expected delays how these will be managed and/or if they will impact other areas of the business. If planning permission is being sought this should be included here.

### 12.3 Key Milestones

Here you should outline the key milestones of the business. While this may correspond with the 'timing of any works', also included here will be the key milestones for the business, for example if there is a soft opening, new customer segment, etc.

### 12.4 Other Relevant Information

Include any other relevant information, particularly any new positive information that will impact the project.



## **13. Request for Finance**

Provide a description of the finance request under each of the following headings:

### **13.1 Quantum of Finance Requested**

The amount of money you are looking for.

### **13.2 Timing**

The timing of when you need the money, which may be related to any development works. List any stages you will draw down the money or in one lump sum.

### **13.3 Proposed Repayment Schedule**

List the suggested repayment schedule. This would include the number of years (term), as well as the payments through the year (quarterly, etc.)

### **13.4 Use of Finance**

State what the finance will be used for. This will include a breakdown of the different elements, particularly if it's a construction project (e.g., construction, fitout, etc.)

### **13.5 Other Sources of Finance being used/approved/requested as part of this Project**

List any other sources of finance being used as part of the project. This could include owner investment, grants or other loans for specific parts of the project.

## 14. Financial Information

This section details the financial information of the business, both current and projected. The following sections need to be completed/developed.

### 14.1 Current Source of Financing

List all of the current sources of financing that the business has. This may be senior/junior debt, mezzanine funding, leases etc. Under each source list the name of the lender, the size of the loan, the term/maturity date, annual repayments and other relevant information such as covenants or any guarantees that are in place. If there are grants for the business include these also, detailing the specifics of these. For example, if the grant is one off or an annual payment.

### 14.2 Historic Financial Statements

Provide 3 years (if available) of historic financial statements to include the P&L and Balance Sheet. Complete this information (if applicable) within the Excel Workbook ([see here](#)) provided which can then be used as a comparison with the projections.

#### 14.2.1 In the tab 'Historic P&L Workbook':

Insert the following data:

- Cell C4: business name
- C5: the year of the start of the historic data that you are using

<b>HISTORIC P&amp;L</b>		
<b>Designed in partnership with Crowe</b>		
Name of Business		
Year of Start of Historic data		


Then complete each of the revenues and costs in the appropriate cells under each year. Only complete the cells in 'orange'. The grey cells are self-calculating. Any additional rows can be added as appropriate. However, these cells link to the tab 'P&L Projections', so additional rows may be required for there also if you do this.

**HISTORIC P&L**  
**Designed in partnership with Crowe**

	0	0	1	2
Name of Business				
Year of Start of Historic data				
<i>Number of Annual Visitors</i>				
<i>Average Ticket Price</i>		#DIV/0!	#DIV/0!	
<b>Revenues</b>				
Admissions/Tickets				
Retail				
Food and Beverage				
Other Revenue				
<b>Total Revenue</b>		€0	€0	
<b>Department Costs</b>				
Admissions/Tickets - Payroll				
Admissions/Tickets - Other Costs				
Retail - Payroll				
Retail - Cost of sales				
Retail - Other Costs				
F&B - Payroll				
F&B - Cost of Sales				
F&B - Other Costs				
Other Department Costs				
<b>Total Department Costs</b>		€0	€0	
<b>Other Operating Costs</b>				
Other Staff/Payroll Costs				
Admin and General				
Sales and Marketing				
Repairs and Maintenance				
Utilities				
<b>Total Other Operating Costs</b>		€0	€0	
<b>Gross Operating Profit</b>		€0	€0	
<b>Fixed Costs</b>				
Rent				
Insurance				
Rates				
<b>Total Fixed Costs</b>		€0	€0	
<b>EBITDA</b>		€0	€0	
<b>EBTIDA %</b>		#DIV/0!	#DIV/0!	

### 14.2.1 In the tab 'Balance Sheet':

In conjunction with the historic P&L data include the same 3 years of historic balance sheets as well as the latest Balance Sheet. Complete only the 'orange' cells. The accountant may be able to complete this simple balance sheet if necessary. The years will automatically populate from the 'Historic P&L' tab. The net assets will be the Total Assets minus the Total Liabilities, and this will automatically calculate.

<b>BALANCE SHEET</b>				
<b>Designed in partnership with Crowe</b>				
Name of Business	0			
Year of start of Historic Data	0			
Current BS Date				
<b>BALANCE SHEET</b>	<b>HISTORIC</b>			<b>CURRENT</b>
	<b>0</b>	<b>0</b>	<b>1</b>	<b>2</b>
				<b>Jan-00</b>
<b>Non-Current Assets</b>				
Land & Buildings				
Fixtures and Fittings				
<b>Current Assets</b>				
Cash				
Stock				
Debtors & Prepayments				
<b>Total Assets</b>				
<b>Current Liabilities</b>				
Bank overdraft				
Trade & other creditors				
Tax liabilities				
Bank Loans (< 1 Year)				
<b>Long Term Liabilities</b>				
Bank Loans (> 1 Year)				
Shareholder Loan				
<b>Total Liabilities</b>				
<b>Net Assets</b>				



## 14.3 Projected Financial Statements

This requires providing the projected financial statements for the business for three to five years. It is important to determine, and then show that the business will become profitable and will be able to make its debt repayments. In completing this section, you may wish to comment on your projections, if they are reasonable, the basis for them, underlying assumptions and/or other relevant information that will give the lender confidence in achieving these.

### 14.3.1 In the tab 'P&L Projections':

Within the Excel workbook ([see here](#)) there is a tab "P&L Projections" where you can project your financial performance for five years. Complete only the 'orange' cells. Please note that all of these figures should be net of VAT. The following information should be inserted first (see below):

- Cell C4: business name
- Cell C5: the year of the start of the projections

<b>P&amp;L PROJECTIONS</b> Designed in partnership with Crowe		
Name of Business		
Year of Start of Projections		

There are two sections to this tab. The inputs in columns D through H and the outputs in columns O through S. Only complete the inputs section, which will automatically populate the outputs section (columns O-S).

The revenue projections should be completed first. The admissions/tickets revenue is based on a peak season and a low season. The admissions/ticket revenue projections should be inserted into columns D – H, rows 51-60, see illustration below. Specify the number of days the business is open for each season and then the average number of visitors per day during that season, and the average ticket price per customer/visitor.

	0	0	1	2	3	4
<b>ADMISSIONS Revenue Inputs</b>						
<b>PEAK SEASON: # of days open per year</b>						
Average number of visitors/admissions per day						
Total Visitors/Admissions	-	-	-	-	-	-
Average TICKET price per visitor						
<b>PEAK SEASON ADMISSIONS Revenue</b>	€0	€0	€0	€0	€0	€0
<b>LOW SEASON: # of days open per year</b>						
Average number of visitors/admissions per day						
Total Visitors/Admissions	-	-	-	-	-	-
Average TICKET price per visitor						
<b>LOW SEASON ADMISSIONS Revenue</b>	€0	€0	€0	€0	€0	€0

The food and beverage revenues can be calculated next, in rows 66-71 (columns D-H). This model allows you to use an average sales figure per day based on the number of days the outlet would be open. In addition, there is space to include functions: the number per year, average size and average food and beverage spend per function.

	0	1	2	3	4
<b>Food &amp; Beverage (F&amp;B) Revenue Inputs</b>					
Number of days open per year					
Restaurant/outlet F&B sales per day					
Number of functions per year					
Average size of function (# ppl)					
Average F&B spend pp per function					
Total Annual Food	€0	€0	€0	€0	€0
Total Function Food	€0	€0	€0	€0	€0

The retail revenue can be calculated in rows 76-85 and columns D through H. This is also calculated on peak and low seasons. Specify the number of days the retail outlet is open during each season, the number of customers per day and the average spend per customer.

<b>Retail Revenue Inputs</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
<b>PEAK SEASON:</b> # of days open per year					
Average number of customers per day					
Total Customers	-	-	-	-	-
Average spend per customer					
<b>PEAK SEASON</b> Retail Revenue	€0	€0	€0	€0	€0
<b>LOW SEASON:</b> # of days open per year					
Average number of customers per day					
Total Customers	-	-	-	-	-
Average spend per customer					
<b>LOW SEASON</b> Retail Revenue	€0	€0	€0	€0	€0

Other revenue is included in row 15 as an estimated total amount per year.

Insert Total amount	→	Other Revenue	
		<b>Total Revenue</b>	

Complete the costs, both departmental and other overheads. From rows 19 to 43, columns D-H as shown in the following figure.

<b>Department Costs</b>				
Insert % of Admission Rev	→	Admissions/Tickets - Payroll		
Insert % of Admission Rev	→	Admissions/Tickets - Other Costs		
Insert % of Retail Rev	→	Retail - Payroll		
Insert % of Retail Rev	→	Retail - Cost of Sales		
Insert % of Retail Rev	→	Retail - Other costs		
Insert % of F&B Revenue	→	F&B - Payroll		
Insert % of F&B Revenue	→	F&B - Cost of Sales		
Insert % of F&B Revenue	→	F&B - Other Costs		
Insert % of Other Revenue	→	Other Department Costs		
<b>Total Department Costs</b>				
<b>Other Operating Costs</b>				
Insert % of TOTAL Revenue	→	Other Staff/Payroll Costs		
Insert % of TOTAL Revenue	→	Admin and General		
Insert % of TOTAL Revenue	→	Sales and Marketing		
Insert % of TOTAL Revenue	→	Repairs and Maintenance		
Insert % of TOTAL Revenue	→	Utilities		
<b>Total Other Operating Costs</b>				
<b>Gross Operating Profit</b>			€0	€0
<b>Fixed Costs</b>				
Insert Rent figure	→	Rent		
Insert % of TOTAL Revenue	→	Insurance		
Insert Rates figure	→	Rates		
<b>Total Fixed Costs</b>				

The departmental costs are calculated as a % of their associated revenues. For example, food and beverage payroll cost is estimated as a % of food and beverage revenue.

Other overhead/operating costs are calculated as a % of total revenue.

The fixed costs are calculated as shown above. If there is a rent figure this can be inserted as a total amount per year. Insurance is calculated as a % of total revenue. Rates are entered as a total amount each year.



Once this is completed the columns O through S will have calculated the projections. Historic data entered into the tab 'Historic P&L' will have automatically populated in the columns K through M, so you will be able to make a comparison, which will be useful particularly when projecting costs. Key Performance Indicators can be seen in cells K50 to S57.

### ***14.3.2 In the tab 'Cashflow Analysis':***

Any additional costs of the business, below the EBITDA line, need to be included in this tab. In the final tab, the EBITDA from the Projected P&L tab will populate in row 9. Similar to the other tabs only complete the 'orange' cells. All figures are to be inserted as positive numbers. Rows 10 to 12 require you to insert any additional cash inflows into the business, that are not sales/revenue from the business. This may include grants, government supports, owner's investment, etc. Then cash outflows are to be inserted in rows 15 to 18. These include current interest and principal repayments, capex, corporation tax and any other cash outflows of the business.

Row 19 is Free Cashflows generated by the business. This is an important row from a banking perspective as it will allow a lender to determine repayment capacity. Cashflow is very important to the business, not only to ensure loan repayments but also to allow a buffer during the trading cycle of the business.

Insert the current opening balance in cell C21. The closing balance in row 22 will show the total euro available on an annual basis.

<b>CASHFLOW REPORT</b>					
<b>Designed in partnership with Crowe</b>					
Name of Business	0				
Year of start of Projections	0				
<b>CASHFLOW REPORT</b>					
<b>0</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
<b>Cash Inflows</b>					
EBITDA	€0	€0	€0	€0	€0
ADD Government Supports					
ADD Grant Funding					
ADD Other Inflows					
<b>Cash outflows</b>					
LESS Current Debt Repayments/Financing Costs					
LESS Corporation Tax Payments					
LESS Capex (excluding any capex related to the funding request)					
LESS Other outflows					
<b>Free Cashflows Generated By the Business</b>	<b>€0</b>	<b>€0</b>	<b>€0</b>	<b>€0</b>	<b>€0</b>
Opening Balance <b>(Complete first cell only)</b>		€0	€0	€0	€0
Closing Balance	€0	€0	€0	€0	€0

Each of these Excel tabs are set to print the output necessary to be included in a business plan.

## Business Plan Glossary of Terms

**Activity (Key):** anything undertaken within a business which is deemed important to achieving its aims and objectives.

**Amortisation:** preferred term for the apportionment (charging or writing off) of the cost of an intangible asset as an operational cost over the asset's estimated useful life. It is identical to depreciation, the preferred term for tangible assets.

**Annual Report:** a document which summarises business performance and achievements over a stated year, including key financial reports.

**Benchmarking:** the act of externally comparing a business' results (performance benchmarking) with accepted norms; it may also entail comparing a key business activity (process benchmarking) with other entities which are deemed to deliver best practice in that area.

**Benefit:** desirable attribute of a product or service, which a customer perceives he or she will get from purchasing.

**Business Plan:** a detailed document (usually short or medium-term focused) which is developed to guide business activities and to outline the actions to be taken over the period in order to implement strategies to achieve the strategic goals and objectives. Financial projections are also included.

**Business Planning:** the structured activity of undertaking the necessary research and analysis in order to define the direction for the business, usually culminating in the development of a strategic or business plan.

**Challenges:** key internal and external issues, problems and opportunities facing the company at any given time.

**Credit Policy:** clear, written guidelines that set (1) the terms and conditions for supplying goods on credit, (2) customer qualification criteria, (3) procedure for making collections, and (4) steps to be taken in case of customer failure to pay.

**Current Asset:** an asset such as receivables, inventory, work in process, or cash, that is constantly flowing in and out of an organisation in the normal course of its business, as cash is converted into goods and then back into cash. In accounting, any asset expected to last or be in use for less than one year is considered a current asset.

## Business Plan Glossary of Terms

**Current Liabilities:** obligations such as trade credit and unpaid taxes arising in the normal course of a business and due for payment within a year.

**Current Ratio:** indicator of a company's ability to meet short-term financial obligations, it is the ratio of current assets to current liabilities. Formula: Current assets ÷ Current liabilities.

**Depreciation:** the gradual conversion of the cost of a tangible capital asset or fixed asset into an operational expense (called depreciation expense) over the asset's estimated useful life.

**Distribution Strategy:** a plan that specifies how the business intends to make customers aware of its products and services.

**EBITDA:** computed by subtracting cost of sales and operating expenses (but not amortisation and/or depreciation, interest, and taxes) from total revenue.

**Executive Summary:** section of the business plan that should be completed after the business plan is written. It highlights all milestones in the company's development over the next three years.

**Financial Statement:** summary report that shows how a business has used or will use (projected) the funds entrusted to it by its shareholders and lenders, and what is its current financial position. The three basic financial statements are the (1) profit & loss account, which shows how the net income of the business is arrived at over a stated period, (2) balance sheet, which shows the business' assets, liabilities, and net worth on a stated date and (3) cash flow statement, which shows the inflows and outflows of cash caused by the business' activities during a stated period.

**Fixed Asset:** an asset that is not consumed or sold during the normal course of business, such as land, buildings, equipment, machinery, vehicles, leasehold improvements, and other such items. Fixed assets enable their owner to carry on its operations.

**Goal:** an observable and measurable end result having one or more objectives to be achieved within a more or less fixed timeframe.

**Gross Profit Margin:** a measure of a company's profitability that is expressed as a percentage of gross profit. It is calculated by dividing gross profit by revenue.



## Business Plan Glossary of Terms

**Indicator (Key Performance):** a strategically important measure used to monitor business performance; may be both financial and non-financial in nature.

**Milestone:** an indicator of progress denoting an achievement to date.

**Mission:** a statement of intent by a business as to how it will conduct its operations with regard to key stakeholders such as investors, customers and employees.

**Objective:** an end that can be reasonably achieved within an expected timeframe and with available resources. In general, an objective is broader in scope than a goal, and may consist of several individual goals.

**Opening Balance:** balance brought forward at the beginning of a new accounting period, on the credit or the debit side of the ledger.

**Parameters:** the constraints within which specific actions must be taken or decisions must be made.

**PEST Analysis:** a planning tool used to help identify the future Political, Economic, Social and Technological influences on a business.

**Policy:** a general statement outlining a course of action to be taken in order to achieve a defined objective (s).

**Product Features:** a function of a product which is capable of satisfying a particular consumer need and is seen as a benefit of availing of the product/service. In business, a product feature is one of the distinguishing characteristics of a product or service that helps boost its appeal to potential buyers and might be used to formulate a product marketing strategy that highlights the usefulness of the product to targeted potential consumers.

**Quick Ratio:** an indicator of a company's short-term liquidity. The quick ratio measures a company's ability to meet its short-term obligations with its most liquid assets. The higher the quick ratio, the better the position of the company. The quick ratio is calculated as:  $\text{Current Assets} - \text{Inventories} \div \text{Current Liabilities}$ . Also known as the "acid-test ratio".



## Business Plan Glossary of Terms

**Risk:** the probability that an actual return on an investment will be lower than the expected return.

**Scenario Analysis:** scenarios are used in estimating the probable effects of one or more variables on the business plan.

**Stakeholder:** any group or individual with an interest in, or an influence on the operation of a particular business.

**Standard:** a statement of the specific outcome required following the completion of a particular task.

**Strategic Plan:** a master plan for a business which defines its vision and mission, strategic goals and the general strategies to be followed to achieve those goals.

**Strategy:** a specific set of longer-term actions which are designed to achieve the aims and objectives of a business.

**SWOT analysis:** a planning tool for considering the internal Strengths, Weaknesses, Opportunities and Threats facing a business.

**Target:** a defined outcome to be achieved which is measurable, time-limited, and related to a broader aim or objective.

**Uniqueness:** (USP) real or perceived benefit of a product or service that differentiates it from the competition and gives its buyer a logical reason to prefer it over other products or services.

**Vision:** a general statement which captures the ideal long term hopes and aspirations for the development and growth of a business.