

BACKGROUND NOTES

1 Introduction

Before you even begin to consider doing your Business Plan, there are two fundamental questions you need to ask:

1. Who is this Business Plan for?

Some will answer “For the bank, so I can get money out of them”; some will say “So I can send it to potential funders”. Both answers are right to a degree but the most important person you are doing this Business Plan for is:

You.

The Business Plan is how you plan each step that your business needs to take between here – where you are right now – and there – where you want to be in say two or three years time. Think of it in terms of a story. The story of your business, how you would like it to unfold.

It’s also a set of milestones and benchmarks against which you can measure your success, review your progress and check your enjoyment levels.

Sure, you can use it to support applications for money, but if you don’t fully own it, if your heart’s not in it and you don’t have a sense of pride and a feeling of excitement when you read it, there’s not much point in sending it to other people.

2. How big should my Business Plan be?

The correct answer is: as short as you can make it. We are not competing with Encyclopaedia Britannica here. Ideally, you should aim to get each section onto one A4 page and put any detailed, complicated or downright boring stuff in Appendices at the end. Your Business Plan is a live document, not something you do once and then allow to gather dust. You should have it with you at all times, to refer to, to alter and to add to, as circumstances change and ideas come. It doesn’t matter if it gets dog-eared, it’s a working document. Make it to fit into your briefcase, handbag or pouch.

Finally, there is no set way to do Business Plans. Do it the way that best serves you, the way you are comfortable with and the way that means you can easily explain your plans to others. Use good plain English and leave the jargon to those that still believe in the Emperor’s New Clothes.

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2 Outline of the Day

The day will follow pretty much the order of a basic Business Plan. So, it will start with your idea, your product or service. It will go on to look at what you need to do to make sure there's a market - a need – for what you want to offer the world. This is crucial because there are often far more lovely ideas than there are customers for them. We will then consider ways of reaching that market – networking, promotion and so on. It is vital to demonstrate that you have considered and planned for management issues such as the legal structure of your organisation, how you will embrace the issue of ethics, how you'll manage your staff and your money. We will look at the thorny issue of what to charge, setting out and timetabling essential actions and financial management, particularly of your cashflow. We'll end with ways of looking after your most important business asset – yes, that's you.

0900 Coffee & Croissants

0930 Introductions & Outline of the Day

0950 Your USP

1015 Marketing & identifying your market

1045 Coffee break

1100 Promotion

1200 Management Issues

1245 Lunch

1345 What to charge

1430 Actions & Timetable

1500 Cashflow & Financial Management

1545 Looking after Number One

1600 Starting on the Business Plans

1730 Close

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3 *Your USP*

USP means “Unique Selling Proposition”, basically what *you* are bringing to your chosen profession that no-one else can bring. It is a combination of your skills, your experience and your personal qualities that no-one else can offer. Bear in mind that, increasingly, people buy because they like you as much – in some cases more than – your product or service.

It will help you if you get really clear about what your USP is. If you only have a very vague idea of what you want to do, then it’s likely you will be looking to others to suggest a role for you. Nothing wrong with that but it will usually mean working for someone else, for a company.

If you intend starting your own company, you will need a very clear and thought-through vision of your service or product. There are some important factors to consider:

- ◆ Is there a need for your product or service? Products or services based on a real need are more likely to succeed than those based on a lovely idea. Also, can you see a way that your product or service could improve an existing one, benefiting more people than ever? Many of the new e-based services are just online improvements of old services, for example www.multimap.com and the A to Z maps.
- ◆ Is this something you are passionate about – or just something you think you ought to do, the most sensible route now for your career? Doing the most sensible thing can be a recipe for serious unhappiness and frustration in the (not too distant) future. Following your heart can be more risky but also more rewarding. Give as much time as possible to getting clear about this.
- ◆ Do you have enough business experience or work experience to enable you to start your own company? If there are gaps in your skills and experience, could you plug them yourself – by going on a course for example – or could you hook up with a partner who has the resources you don’t but also needs your skills? It might be worth your while to spend a year working for a company to get a “feel” for how organisations work. They are strange beasts and can take some getting used to. Getting to know their culture, their concerns and ambitions could serve you in good stead when you do form your own Company.
- ◆ Above all, in everything, be yourself and stick to your personal values.

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4 *Some Thoughts on Marketing*

Marketing is not the same as selling. It is not about persuading someone that they need something when they don't, or browbeating them into buying something they can't afford. That's called time-share! Nor is marketing about trying to find a market (people who buy things and services) for a nice idea you dreamed up. That could be a dreadful waste of time – your time.

I believe that good marketing is based on Need, essentially finding someone who really needs what you can do and then letting them know that you can satisfy their need. Then they buy it from you. Willingly.

In 1999, Coca Cola sent out their Annual Report and, on the centre page spread there was an interesting message: At the left hand top corner it stated: "Every day in the world, 188billion beverages are drunk." At the right hand top corner it said: "Every day in the world, 1billion Coca Colas are drunk." At the bottom of the page were the words: "Only 187billion to go!" What does this tell us about Coca Cola and the concept of Need? Right. Coca Cola wants to sell even more Cokes, to increase their market share. Their idea of corporate Nirvana is a world which only drinks Coke. (Then, of course, they would try to open up markets on Mars).

If Coca Cola suddenly disappeared off the face of the planet, would the world die of thirst? Unlikely! So where is the Need? I believe the Need is firmly Coca Cola's; they have a Need to maintain and increase their sales. There are many reasons for this: satisfying the shareholders, that threadbare notion of continuous growth, attachment to what is, fear of change, the need to maintain employment levels, maintaining volume so costs stay low etc.

I prefer to be dealing in services and goods that answer real need. I do enjoy Coca Cola occasionally but I wouldn't be devastated if it disappeared.

This is an important point: if someone really needs something and they like you and you can provide that something, then there is hardly any selling involved - and I've met very few 'sane' people who really enjoy selling – in the double glazing sense of the word! It stands to reason that your precious time should be spent trying to locate people who you don't have to sell to, who'll love what you have to offer, and not on trying to shove something in reluctant faces.

So how are you going to find those people who are just waiting for you? Once you've decided where you are going to base yourself and what your market is, start a dossier on your area. Assemble information about it in as much detail as possible. You need to know who is doing what in your field, with whom, for whom, where, how often, why and what they charge for it. That way, you'll be able to spot the gaps. Gaps that you could possibly fill.

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You need to feel the pulse of your patch. And don't assume that you can do this from inside your professional box. Looking over the edge was daring a few years ago. Not any more. Now you need to get right out of the box. That is, if there's still a box at all.

Study the magazines and periodicals that deal with your field. Read the articles and develop from these a sense of whether people might be interested in your special product or service, your USP. If you want to get really scientific about it, visit a library with a large business section and go through their data. Allow masses of time for this, there's always far more data than you thought.

Become a detective; find out what other people in a similar line of work are doing. Where do they get together, with whom do they network. Look at their advertisements, their promotional events and the way they've developed their image – their brand. What are they saying and to whom are they pitching? If you're not in direct competition, ring them up and ask them what works for them. Offer them a free product/service if you like; if they enjoy it, they'll become an ambassador for you.

Don't think in terms of displacing someone who is already doing what you do, or trying to lure away their customers. Their customers have come to them for a reason; yours will come to you for a different reason. The reasons might not match. Besides, you don't want your beautiful work spoiled by the fear that develops around aggressive competition.

It's a funny thing, but most people are very loyal if you treat them well. They also get into comfortable habits quite easily and they don't necessarily like change. So the best way to deal with someone trying to poach customers - by whatever means - is to give your customers the very best service. And pay absolutely no attention to the 'poacher', however noisy and/or unpleasant they may be. As far as you are concerned, they don't exist. You have no competition - you are unique! Even if some of your customers are tempted away, stay steady and give your very best to who is left and you may well find that your old customers will come back. Never complain to customers that leave you. Quite the reverse, wish them well and thank them for their time with you. Send them away with a feeling of completion.

Competition is a choice. Your choice. You can choose to be in a competitive mode, seeing others as a threat, or you can be centered in your uniqueness and trust that no one can do exactly what you do. Being in competitive mode can drain a lot of your energy and your clients will subconsciously pick up the negative vibe. If you choose, competition can be a myth as far as you are concerned.

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Competition tends to occur where the Need is with the producer or supplier of goods and services and not with the end-user. That's why Pepsi and Coke are locked into battle.

5 Promoting yourself & your product/service

By far the best form of promotion is networking. It's also known as "word of mouth". Around 70% of business gets transacted through word of mouth. There are a number of misconceptions about networking. Networking is not about selling your services. It is not to do with sending out huge numbers of flyers in the hope that someone will bite.

It is simply about being you. Being who you are and not what you think people want you to be. Being you amongst as many different people as possible. Talking about you. And being active in listening to and appreciating others doing the same.

Because, if someone likes you, they will want to buy from you the next time they need what you have or do. You are your best marketing tool. So mix.

Above all, do not expect to get any work out of the interchange. In fact, decide positively not to. If you are standing there, Redbull in hand, eyeing up the person opposite for fee potential, forget it. Your voice and body language will be flashing warning lights. Their eyes will glaze over, they will escape at the earliest opportunity, avoid you like the plague for the rest of the evening and forget you almost immediately. On the other hand, if you see them as someone who is interested in you and what you do, nothing more, your voice and manner will be quite different, quite unthreatening. And they will remember you.

Remember, too, the power of listening and that people will be just as impressed by your ability to ask questions about what they do and then listen to their answers. Everyone enjoys talking about themselves. Most of us have two ears and one mouth, so use them in that proportion. This is where your 'focusing' skills come into their own, particularly when there's a specially juicy conversation going on next to you and the person you're with is explaining the intricacies of pile driving in Outer Mongolia.

Where can you expect to network? Anywhere. Dinner parties, receptions, meetings of professional bodies, clubs, on the plane, on the bus, in the washroom, at the corner shop. So join as many professional associations as you can, networking organisations and any place that will give you the opportunity to meet, mix and market yourself. And don't just join. Go along.

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I know people who never use the facilities they've paid for, as if joining is all that's necessary. Get in there! Schmooze!

The only tools you need for networking are a pocket full of business cards, simple and stylish ways of helping people get in touch with you easily.

One major benefit of networking is that you get to meet people in the same boat as yourself and can share ideas and issues. Working for yourself can be a lonely business - you'll need all the support you can get. You'd be surprised how many people are astonished to find they're not the only ones experiencing isolation. Many people's only experience of community now is through the work environment, rather than through traditional ways like the extended family, church congregation or village. Networking is one way to turn the ghetto of solitary businesspersons into a neighbourhood of like-minded souls - in effect, even if not in geographical reality.

Leaflets are a follow up for good networking, a way of consolidating the good impression you've already created. So they don't need to be dayglo – unless that's your house style. Their purpose is to inform and add to the credibility you've already established. Design them with this in mind. Websites are the same: they are there to build on what you've already started face to face.

If you need to advertise, this can be expensive so check out first what others have done and in which magazines or newspapers. Be very critical about their efforts: does this really appeal to you – why? – does this put you off – why? Bear in mind you have split seconds to attract attention in a “me, me, me!” world. (Ever watched someone flicking through Marie Claire or Elle on the tube? That's what I mean.)

Whatever you do to promote, you will need to be able to justify the benefits and the costs in your Business Plan. You will need a Promotional Strategy, a way of satisfying yourself and demonstrating to others that you have really thought this through.

6 How & where are you going to establish your business?

There are a number of basic considerations:

- ♦ From a legal standpoint, should you set up a Limited Company (which will protect your personal stuff if the business fails) or a partnership? This needs careful consideration and depends a lot on what you'll be doing and who you're working with. Your Business Plan will need to show how and why you've chosen your particular structure.

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- ◆ Are you going to run your business as ethically as possible? In a world increasingly aware of the consequences of its actions in the environment and in the poorer parts of the globe, what will you do towards slowing the mad rush to annihilation? More and more funders are checking how their applicants are addressing issues of corporate social responsibility, more and more public organisations are establishing procurement policies based on ethical commerce. You'll need an Ethical Policy.
- ◆ How will you look after people working for or with you? How will you motivate your staff? You'll need to consider how you're going to keep the best people and stop them working against you. You'll need a Human Resources Policy.
- ◆ Who will make the final decisions in times of crisis? How many rights does investing your time and money give you when it comes to decisions and policy setting? Will you be a traditional boss or a co-creator? You will need to develop a Governance Policy that suits your needs and aspirations.
- ◆ How will you manage your clients and gain more? This is vital stuff. How many clients do you need to run your business successfully? Remember that there are almost 58,000,000 people in the UK alone. 1% of that is 580,000. Could you manage having 580,000 customers on your books? 58,000? 5,800? 580? (That's 0.001% by the way) There are plenty to go round. So put your energy into loving what you do and what you have, not into worrying about what you are not doing or don't have! Give the clients you have 120% of your energy, care and attention.

I never advertise. I don't need to. I have a fantastic sales force. And I don't pay them a penny. In fact, they pay me. They are my clients.

- ◆ Do you need to see clients in your office/studio? If you do, it will need to reflect your personal style, your company's brand or image. This can be done quite cheaply with a little imagination. And a few pots of paint! The key here is authenticity – yours!

It will also need to be somewhere that clients will find easily, can get to quickly and which is in the "right" area of your city or town for your profession. You could take a risk at setting up somewhere yet to be trendy, in the hope that it will, bearing in mind that a beautiful environment in the midst of dereliction can sometimes enhance your image. The Angela Flowers Gallery set up in a then very unpromising area of East London – Hackney - and is now the focal point of much regeneration.

And do bear in mind the isolation of working on your own. There are many schemes up-coming around shared office facilities. Barley Mow is one well-tried example. More recently, there is CAN (Community Action Network on

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0845 4562537) and its clusters of mutually supportive, “easy in, easy out” office pods. Usually you can hire meeting rooms by the hour, share costs of photocopying, have a receptionist field your calls, and – above all – have people to chat to right there. And you can help them with growing their businesses because you know what they do and (hopefully in most cases!) you’ll like and respect them. They’ll do the same for you.

Your Business Plan will need to demonstrate how you arrived at your location decision.

7 What to charge?

This is a biggie with lots of people. It presses our sensitive self-worth buttons and confronts us with the reality of what we’ve chosen to do to make a living. It’s a lot to do with our fear around money. So let’s consider that before we get into what to charge.

Money is something you need to be acutely aware of as there won’t be that regular payment at the end of the week or month that people in “proper” jobs get. You will have to plan well ahead to make sure enough comes in every month – and not too much goes out. You will have to confront your issues around money. The following thoughts may help.

- ◆ Money and Fear are closely related because we fear that:
 - we won't have enough of it
 - it will be stolen or lost
 - someone else will make more than us
 - we won't be able to make any
 - we'll spend it unwisely
 - we'll end up in a doorway in a cardboard box

- ◆ We need to get money in perspective. It *is* very important but simply making more and more of it in order to get more things is not what life is about in my view. You may disagree, but increasing numbers of people are seeking meaning in what they do, how and for what they work. They seek purpose and quality of experience. Witness downshifting.

- ◆ I tend to put it like this: Increasingly, since the beginning of the Industrial Revolution, we have exchanged our ability to provide for ourselves with the ability to pay others to do it for us. Thus, money has become the umbilical cord which connects us to our well-being. Without it we cannot eat, have shelter or clothe ourselves. We have nearly reduced our self-sufficiency to that of a helpless baby. No wonder we're afraid!

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♦ Abundance in our lives is not the result of having lots of money. Money is part of having lots of Abundance. We know that getting more and more money does not bring happiness. So many people have tried and failed. Abundance could be, for example, a beautiful Spring morning, a walk in deep woods, a lover's smile or a child putting its hand trustingly in yours. Abundance, like so much of Life, is an attitude. I believe that Abundance is about being satisfied with what one has and not always wanting more. In any case, the world can't provide any more.

So, back to what to charge for your services. Among many of my clients, this is the area which causes more soul-searching, doubt, agonising and sheer terror than any other. So I have a simple formula for deciding what to charge, and a few basic rules.

The basic premise is that you only charge at a rate which is based on what you actually need. What you need in order to keep yourself in the best condition to provide the service the client is buying. More on that below. If you are not being greedy, then when you quote a rate you can do it with complete confidence. You know it's fair. So you don't need to say "Would it be alright if I charged you £Y?" in a voice full of hesitancy and doubt. Instead, you can say: "My rate will be £X" in a very matter-of-fact voice, as if it is as normal as buying a newspaper. Your client won't be impressed or reassured by the first way; he or she will be by the second. Their confidence in you is crucial, and the way you deal with quoting is a great opportunity to reinforce that confidence.

The formula consists of an aggregate of three elements:

1. what the market will stand,
2. the perceived value of your service or product and
3. your income needs.

1. What the market will stand depends on what people are used to paying. If there is a recognised rate for the job there is not much you can do to change it. But you should do all you can to find out what it is, what others are getting paid and what they are doing for the money. Or not doing. It's possible that your service is subtly different from theirs or that you are offering added value in some tangible way.

2. Perceived value is a fascinating subject. If I go along to a charity who have asked me to look at doing some work with them, they ask me what I charge, and I say "My charity rate is £300/day + VAT", they may well be shocked and decide to drop the transaction. They are often operating in a poverty consciousness, an attitude that leads to burn out, resentment and breakdown.

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The next day, say, I go along to see the CEO of some large organisation, with a car park full of expensive mobile toys, and we agree to do some work together. He then says "Max, what's your day rate?" If I say £300 + VAT" he will immediately show me to the door and I won't hear from him again. He cannot conceive of how I can do the work for that money. He's used to paying £1,000, £1,800, even £3,000 a day to his consultants. At a mere £300 I can't be any good at all, he thinks.

I'm not for a moment suggesting that you rip people off. But you do have to operate in the realities of the context you have chosen. If you charge too little your clients will see you as lightweight or uncertain and they won't value you, however good you are.

3. The third element, your needs, you can work out, below.

But first, I want to say this: survival is for whimps! Planning for mere survival will only generate resentment and deplete your drive and enthusiasm, and that will show in your work. Who wants to employ someone who's always struggling? And how long would you be able to keep your resentment in check?

I've invented a new word which hasn't actually found its way into the Oxford English Dictionary yet – it won't be long! – and that is: thrival. I want you to think thrival when you work out what your needs are. So here goes:

Your projected monthly income target and hourly/session rate calculation

a) First, you'll need to compile a detailed list of your financial needs, based on a *good* life-style. It doesn't have to be exact to the last penny but be as realistic as possible. That means erring on the generous side with your cost estimates. If you don't know what some things will cost (like advertisements for example), ask around, find out! This checklist below will help but if there's something missing, put it in.

i)	your personal outgoings per month	£/month
	- mortgage/rent	£.....
	- council tax	£.....
	- gas, electricity, water etc	£.....
	- telephone	£.....
	- food	£.....
	- travel (car etc)	£.....
	- childcare	£.....
	- clothes	£.....
	- insurances	£.....
	- pensions/PEPs/ISAs	£.....

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- holidays	£.....
- leisure/fun - remember!	£.....
- savings for that special something	£.....
- other costs	£.....
.....	£.....
.....	<u>£.....</u>
total personal outgoings	£.....
ii) the costs of running your business (week or month - delete one) £week/month	
- rental and business rates (if applicable)	£.....
- insurance	£.....
- subscriptions to professional magazines etc	£.....
- attendance at conferences, seminars, courses etc	£.....
- on-going training	£.....
- printing, literature, photocopying etc	£.....
- other running costs	£.....
- accountant's fees	£.....
- advertisements	£.....
- loan repayments	£.....
- emergency fund savings (suggest 5% of income)	£.....
- other costs	£.....
.....	£.....
.....	<u>£.....</u>
total business costs	£.....
iii) allowance for tax and National Insurance – a rough guide will be 20% of your personal outgoings	£.....
iv) total outgoings (i + ii + iii)	£.....

b) Now, preferably with a glass of something restorative to hand, calculate the income your business will need to generate in order to cover your costs and leave some margin for a 'sunny' day, based on the total costs above. Assume for this exercise that you can get the customers you need, and that your business is of the size you want it to be. Remember, don't restrict yourself to a very tight income - be generous - you deserve it!

c) Try to work out how much time you will need to do the business. And allow enough time for simply running and administrating the businesses (not making the rubber grommets or the garden gnomes but doing thrilling things like filing). A rough guide would be 3 to 4 days for doing and making and 1 to 2 days for managing.

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One of the dangers when starting up your new business, is that you manage to convince yourself that a) you're superhuman and b) things like filing will do themselves miraculously overnight, like Rumpelstiltskin's spinning gold. Well, it doesn't work like that.

Consider what would happen if you drove your car continuously and never put oil or water in it or had it serviced. (You probably have a family story involving a slightly unworldly maiden aunt and an Austin Seven) It's the same with your business: however much pressure you are under to do the actual 'work', if you don't maintain your business regularly, it too will grind to a halt. So getting the right balance between doing and maintaining is crucial, particularly when working with clients. You will come to rely on everything being just so, where it should be, at all times.

So, if you've decided to go for a 4 day "doing" and 1 day "managing" week, you can work out what you need to make every day, as follows:

- what you need to earn = £...../month
- say you have 16 "doing" days per month (4 weeks times 4 days a week)
- divide what you need to earn by 16 and that is your day rate.

d) That is it. Now collect the three sums together from "what the market will stand", "perceived value" and "what you need" and work out the average: add together:

Element one: what the market will stand:	£...../day
Element two: perceived value:	£...../day
Element three: what you need:	<u>£...../day</u>
	<u>£...../day</u>
Divide the total by three	= £...../day

That's your target day rate. If you've worked it out based on the formula above, it will be a fair rate. So stick to it! Use it in your Business Plan to work out your costs.

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8 Cashflow & Financial Management

This is where all your careful deliberations and decisions come together: in the cashflow. Your cashflow – the flow of money in and out of your business account – is like the blood in your veins. It's that vital to your success. In a Business Plan it demonstrates clearly that you have made the right decisions about charging, cost control and all the logistics that go into running a business.

If, when you put all the information together into a cashflow, it shows you are going to make a loss, you'll need to re-visit some of those decisions and do some tweaking until it works out.

In order to put the cashflow together in the first place and – very importantly – keep it refreshed with new information and developments, you will need to keep very thorough and accurate financial records. Knowing at all times about the way your money moves around, in and out, is the best way of checking up on the health of your business, the best way of seeing in advance what is likely to happen - or not happen, and the best way of planning for success.

- ◆ Financial awareness is essential. You should be able to know at any time exactly how much money you've got in your bank account, how much you owe, how much you are owed – to within £25 either way.

Use a cash flow projection sheet to see ahead what's likely to happen with your money. It will become a very useful planning tool, enabling you to predict when things may be lean financially or when you'll be able to afford that new Imac.

Cashflow analysis is essential if you are going to be in control of your business, rather than the bank being in control. Most of the clients I work with in my Business Rescue service - bailiffs on the stairs, tax and VAT men hovering menacingly, that sort of thing - most of the clients have got themselves into deep waters because they have lost control. And they've lost control because they've stopped being financially aware!

They probably don't have a Business Plan either! So don't fall into that trap! Plan! Below is a typical Business Plan layout; don't be persuaded that it needs to be any more complicated than this. Some banks issue business plan guides; some are sound, some are really far too demanding of stuff you don't need at this stage. Keep it simple: that way you stay in control!

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9 *Typical Business Plan Contents Page*

Mission Statement [What you aspire to in your business]

- 0 **Contents** [List all the sections and the main sub-sections so the reader can get around easily]
- 1 **Executive Summary** [This makes it easy for your reader to form a good first impression and then want to go deeper]
- 2 **The Market/Need** [Demonstrating that there is a market out there for your services]
- 3 **Addressing the Market** [An overview of how you will meet the Need through your USP]
- 4 **The services/product in detail** [This is where you demonstrate that you've thought through exactly and in detail how it's all going to work. Include here your Ethical, Governance and Customer Management Policies, together with the rationale behind your location decision]
- 5 **The Costs of Delivering the Services** [How much capital you might need up front to set yourself up and how much it will cost you every month to stay afloat. Also how many people you'll need to employ]
- 6 **The Income Potential** [How much, how frequently, from whom]
- 7 **Initial Support Required** [If you need financial help with getting going, where it will come from, how much will it cost to service the loan, etc]
- 8 **Actions & Timetable** [What needs doing – now and in the near future – and when you're going to do it] Use a Gantt Chart – example below.
- 9 **Cashflow Projection** [This is bringing all the information together to demonstrate that it works, that you will have a viable business] – Example below.
- 10 **Appendices** [This is for all the detailed stuff that would otherwise clog up a very good Business Plan. Yours!]

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10. Typical Gantt Chart based on building a house.

Actions		Timetable (year in months)											
No.	Description	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep
1	Dig foundations	✓											
2	Lay concrete		✓										
3	Build walls			✓									
4	Lay floor slab			✓									
5	Build first floor structure				✓								
6	Build roof					✓							
7	Roof finish					✓							
8	Insert doors & windows						✓						
9	Electrics							✓					
10	Plumbing							✓					
11	Fitting stairs								✓				
12	Fitting kitchen									✓			
13	Fitting bathroom etc										✓		
14	Decorations											✓	
15	Furnish												✓

The basic principle here is that you wouldn't normally build the roof before the foundations, so most things have to wait on – and are dependent on – something being finished first. Sometimes there will be overlaps.

Do it for your business too – for example, if you are a sculptor, you wouldn't want to have that two tonnes of stone delivered until you had a studio – would you?

Below is an example of a Simple Cashflow Projection (6 months of 12 shown). This is what we *think* is going to happen in terms of income and expenditure over the 12 month period. Minus figures are in (-)

**DEUTSCHE BANK PYRAMID AWARDS BUSINESS PLAN WORKSHOP
ROYAL COLLEGE OF ART – 15TH FEBRUARY 2008**

BACKGROUND NOTES

Item	Time & Income & Costs in £												
	April	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	March	Totals
Income (nett of operational costs)													
Teaching at RCA	200	200	200	200	200	200							
Illustration commissions – Brilliant Books inc	250	250	250	250	250	750							
Illustration commissions – ITV	0	0	750	1,250	600	0							
Illustration commissions – private	3,000	300	200	450	150	2,500							
Workshops on book illustration	0	400	0	0	400	0							
Pyramid	4,000	0	0	0	4,000	0							
Other (eg loan from Aunty Vi)	5,000	500	150	300	340	150							
A: Total Income	12,450	1,950	1,550	2,450	2,940	3,600							
Expenditure													
Premises rent	400	400	400	400	400	400							
Business Rates	150	150	150	150	150	150							
Utilities (light, heat, water etc)	50	50	50	50	50	50							
Phones	30	30	30	30	30	30							
IT costs	400	0	0	0	30	0							
Office supplies (stationery, stamps etc)	20	20	20	20	20	20							
Travel	10	10	10	10	10	10							
Memberships & publications	10	10	10	10	10	10							
Insurances	0	0	200	0	0	0							
Legal costs	0	350	0	0	0	0							
Accountant costs	0	0	0	0	0	300							
Employee salaries (inc. employer tax payment)	1,100	1,100	1,100	1,100	1,100	1,100							
Own salary	800	800	800	800	800	800							
Allowance for income tax	100	100	100	100	100	100							
Other costs	25	25	25	25	25	25							
Repayment of Aunty Vi's loan	0	0	0	0	0	100							
B: Total Expenditure	3,075	3,045	2,895	2,695	2,725	3,095							
C: Monthly Balance (A less B)	9,375	(1,095)	(1,345)	(245)	215	505							
D: Running (Cumulative) Totals	9,375	8,280	6,935	6,690	6,905	7,410							