Blueprints Business Planning Pty Ltd

Business plan for the period July 2014 to June 2015

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Section 1: Executive summary

1.1 Business idea and goals

The main goal is to establish a small, private (proprietary limited) company that specialises in management consulting services for the small and medium-sized enterprise (SME) sector in Sydney and other cities within the state of New South Wales, Australia. The services to be provided will include preparation of business plans, training in small business management skills, and book sales.

The owners plan to begin by employing one person full time (Jessie Jones, a major shareholder) and gradually grow to the point where the business employs three or four people within two to three years of inception. The business intends to generate sales revenue of about A$100 000 and to make a A$2000 profit by the end of its first year of trading.

1.2 Marketing

Blueprints Business Planning Pty Ltd will have two key target markets: small business managers (for whom it will prepare business plans, feasibility studies and associated services) and SME support agencies (for whom it will provide contract services, principally training in small business management skills). There are approximately 200 000 SMEs in the Sydney metropolitan area. Market research indicates that there is currently unmet demand for the products we plan to offer. We will promote the business using a variety of methods, including direct mail, telephone canvassing, a Yellow Pages listing, networking, a website and testimonials.

1.3 Operations

The business will operate with one employee (Jessie Jones, managing director) at start-up and be based from an office at her home. A minimal outlay of equipment and expenses is envisaged at this stage, as most necessary equipment has already been obtained.

1.4 Finance

The business will be self-funding. The directors will provide an initial capital injection of A$10 000, and it is envisaged that the company will generate enough funds from subsequent operations to allow it to operate on a 'no borrowing' policy unless there is a major change in focus.

Section 2: Background

2.1 Mission statement

Blueprints Business Planning Pty Ltd exists to provide business planning services, business education (training) programs and management advice to small and medium-sized organisations.

The company intends to become known as one of the best business planners and advisers in the Sydney marketplace. We want to be known as an organisation that emphasises honesty, accuracy and objectivity in the information we provide to clients; that values confidentiality and sensitivity in all its relations with other parties; and that gives tailor-made responses to individual client needs.

In this way, Blueprints Business Planning Pty Ltd seeks to promote the interests of the following.

- *Clients.* By providing these services, we can help our clients achieve success in the marketplace and realise their own business goals.
- *The wider community.* Helping businesses become more successful ultimately stimulates local economic development, job creation and wealth distribution.
- *Our employees.* A well-paid, motivated and well-educated staff is essential to ongoing success. In return, employees should expect to receive secure employment, to continually expand and improve their business skills, to be encouraged to try new ideas and approaches and to work in a comfortable, encouraging environment.
- *The owners of the company.* Successful achievement of the company mission should allow the company to operate profitably and to provide a fair return on effort and investment by the owners on a long-term basis.

2.2 Company history

This is a new business that springs from the existing work of Jessie Jones as a management consultant (operating as a sole trader) from August 2001 to June 2014. During this time, Jessie provided training programs, mentoring services and a limited amount of business planning to a range of clients.

2.3 Business goals

The business's goals for the short term (next 12 months) are to employ at least one person full-time on a salary of approximately A$42 000 p.a. (gross), to meet all operating expenses and to generate a net profit of at least A$2000 for future investment. The long-term (next two or three years) goals are to establish a viable consultancy service employing up to five people based in Sydney, delivering services in business planning with its own purchased building.

A future exit strategy has been agreed to by the three foundation shareholders/directors, should any of them wish to liquidate their interest in the business at a later stage. The directors have agreed that, after the end of the third year of trading, any shareholder will have the right to ask for the business to be independently valued; the remaining directors will then have first option to buy out that person's interest. If they do not wish to exercise this right, the shareholder may sell to an outside party.

Section 3: Marketing

3.1 Market research

The following sources were used to prepare this business plan:

- Australian Bureau of Statistics
- NSW Small Business Advisory Network
- personal interviews with several business enterprise centres in and around Sydney

- Institute of Management Consultants, Australia
- a brief survey of SMEs that already use outside consultants
- other existing management consultancies
- a search of the relevant management literature
- conversations with several business brokers servicing greater Sydney to establish valuation methods and benchmarks.

3.2 Market analysis

After a review of the industry, the following conclusions were drawn.

(a) *Industry analysis*

There is a definite demand for generic management consulting services, although the industry is still unregulated and ill-defined (Brown 2008, p. 48). Most services provided are aimed at larger corporations since, at the 'bottom end', micro-enterprises are too small to afford business planning services. Accordingly, niche opportunities to provide these services best exist among small to medium-sized (mid-range) businesses (Ziericki 2007). A study of Australian SMEs recently showed that most need more training but are unsure where to find this (Australian Bureau of Statistics 2009, pp. 23–4). This need is especially evident among the 200 000 known SMEs in the Sydney metropolitan region (Sydney Chamber of Commerce 2009).

(b) *Seasonality*

It is estimated that business declines in December and January, which represents the Christmas break and summer holiday period in Australia.

(c) *Competitors*

The business's competitors are very similar to its potential strategic allies. They include:

- other management consultants (especially those who focus on SME training)
- accountancy practices (which also act as advisers to many small firms)
- publicly funded business support agencies (such as business enterprise centres)
- commercial training providers.

The Sydney Yellow Pages lists 123 management consultancies, 3000 accountancy practices, 20 public agencies and 34 commercial training providers in the city. This does not include non-Sydney advisers who are contracted on an 'as needed' basis by firms who wish to use their services.

(d) *Potential strategic alliances*

Potential exists to subcontract work from:

- accountants (that is, those who don't want to do business plans themselves but who do want to offer it as a service to their clients)
- business enterprise centres (such as those who want training courses provided or business plans assessed)
- other management consultants (who may need someone to help if their workload becomes too great).

We intend to focus our efforts on finding a small number of strategic allies (about six) with whom we can form long-term relationships.

(e) *SWOT analysis*

The information on the previous page was used to develop a list of potential strengths, weaknesses, opportunities and threats.

Potential strengths	Jessie's substantial SMEs advisory experience Links to NSW Small Business Advisory Network
Potential weaknesses	One-person operation at present Minimal track record in external consultancies Little skill in preparing tenders
Potential opportunities	Growth in external training programs Growth of ongoing mentoring services Good placement to qualify if sector becomes regulated
Potential threats	Competitors Sensitivity of SMEs to economic downturns

3.3 Marketing plan

3.3.1 Products/services and target market

(a) *Business planning*

Preparation of detailed business plans, covering all parts of a firm's activities

Target markets:

- Small to medium-sized firms (10 to 100 employees).
- Sydney metropolitan area.
- Established companies (preferably two years or older).
- Approximately 200 000 such firms.

Customer buying motives:

- SMEs often need specialist expertise to help in running their firms.
- It is often too difficult to do themselves.
- Such advice is often needed for organisational survival or repositioning.

(b) *Training*

Short, intensive (one- or two-day) courses on marketing, human resources, business planning, basic financial management and record-keeping for SMEs

Target markets:

- New small business owners and existing owners keen to increase their knowledge.
- Central Sydney metropolitan area.
- Sufficient business income (A$200 000+) to be willing to pay for services.
- An estimated 5000 new businesses that start trading each year.

Customer buying motives:

- Owner–managers of SMEs want short, focused courses that develop their own knowledge base and competencies.
- Such courses allow them to acquire useful skills in different aspects of management.
- The increased knowledge helps them to grow their own business.

(c) *Small business development books*

Sales of various book titles, best done in conjunction with training courses (that is, sell books at the end of a particular course).

Target markets:

- Participants in training courses as previously discussed.
- Central Sydney metropolitan areas.
- Sufficient business income (A$200 000+) to be willing to pay for services.

Customer buying motives:

- These books provide more information about materials initially covered in our training courses.

3.3.2 Placement

Since this is a home-based business dealing directly with clients at their premises, no particular distribution arrangements are envisaged as necessary.

3.3.3 Promotions and advertising

To start trading, the business already has a number of secure contracts in place. As such, it is not necessary to actively promote the enterprise to the general community. However, it would be useful to alert other potential clients to its existence, with a view to seeking work from them at a later stage. To this end, the following promotional tools will be used by the business:

- business cards and letterheads
- direct mail followed up by telephone contacts
- listing in the next edition of the Sydney Yellow Pages under 'Management Consultants'
- promotional literature — a series of A4 sheets about the company covering staff of the organisation, services provided, the benefits of using the company and a listing of previous clients
- networking — links to other practising professionals through membership of the Institute of Management Consultants and other local business bodies
- testimonials — a file of positive testimonials from clients that can be used as references for future marketing
- public relations — as a start-up, we do not have the luxury of a significant focus on many public relations initiatives. However, we will do what we can to ensure we are good corporate citizens and as such will have a triple bottom line perspective to external communications. This will need to be backed up with action on the ground (operations and finance).

3.3.4 ICT marketing strategy

There are few serious start-up businesses these days who achieve sustained success without having an effective ICT strategy. We are talking here about something broader than just our e-commerce strategy or our website content; there is a need to include other forms of ICT that inform, service, retain, develop and generally communicate with a range of stakeholders. The range of tools used includes:

- internet — a website will be created, displaying inbound links from other referring entities (such as government information agencies and online directories) as well as resources for other online information for customers. We will seek expertise to ensure the website is search engine optimised so that small businesses seeking advice in Sydney can find us online easily. Once built, the website will be designed so that the content can be quickly updated by the owners or approved employees without need to rely on the developer to effect minor changes.

- social media — the business will employ some select social media tools to engage in a two-way conversation with key clients as a way of generating referral business and reinforcing existing relationships.
- software — the business will use video streaming software (and associated hardware) to develop and disseminate information in-house that educates the market about what we offer. We will also use customer relationship management software which will help us maximise client value and repeat business (providers yet to be determined). Because our business places us on the road (mobile) a great deal of the time we will also utilise basic blogs and wikis for internal marketing-related communication purposes.
- hardware — we will utilise smart phones and tablet PCs as sales and marketing tools for conveying concepts to clients in the field and for internal communications whilst out of the office.

3.3.5 Pricing policy

Charge-out rates for tendered or casual consulting and training services will be A$120 per hour, which is the current market rate (Jones 2012 p. 1). The standard price of preparing a basic 10-page business plan will be A$2000; this figure is comparable to prices charged by other private sector business planners (both fees exclude GST). Any specific costs (such as travel and accommodation) will be additional. These prices are set towards the higher end of those charged within the commercial training sector, but well within the acceptable price range for management consulting services. Terms of payment will be 10 working days (two calendar weeks) and accounts will be tendered on the day that the services are provided.

3.4 Evaluation of marketing

The effectiveness of our marketing strategy will be assessed on a six-monthly basis by analysing sales data to see what draws the company's work. For example, if most work is coming from the distribution of promotional brochures, then this source of promotion will be seen to be effective.

Section 4: Operations

4.1 Legal and licensing requirements

(a) *Business name and legal structure*

Blueprints Business Planning Pty Ltd (Australian Business Number 99 999 999 999) is a proprietary limited company. The company structure has already been registered and established with three shareholders:

Stephen Molloy	(40% shareholding)
Jessie Jones	(40% shareholding)
Andrew St John	(20% shareholding)

who also serve as the directors of the entity.

(b) *Operating laws and licences*

After checking with the Small Business Development Corporation's Business Licence Centre, it appears that no specific licences are needed to operate this business, except for a home-based business permit from the City of Sydney.

4.2 Management details

The managing director of the company will be:

	Jessie Jones
Home address:	135 Central Blvd, Sydney NSW 2000 Ph: (02) 9999 9999 Fax: (02) 9999 9998
Date of birth:	14 August 1970
Qualifications:	Bachelor of Business (distinction)
Experience:	Owner of café, 1992–2001 Management consultant and owner of Jones Consultancies, 2001–14

4.3 Organisational structure and staffing

Initially, the following tasks of the business will be done by the managing director:

- consulting
- training
- servicing board of directors
- marketing and public enquiries
- bookkeeping and administration of the enterprise.

Two casual trainers will be employed to help deliver the training programs, and to help conduct research and write business plans for clients. Both will report directly to the managing director.

The following is an intended final staffing structure as part of the business's long-term (two to three years) goals:

- *Managing director — business consultancy*

  Duties: Provide business planning, mentoring and occasional training to clients; undertake marketing of the business; provide administrative services and strategic development of the firm

  Salary: Set at approximately A$42 000 per annum in Year 1, rising to A$50 000 by the end of Year 2

  This role will be filled by Jessie Jones.
- *Consultant — general business planning*

  Duties: Conduct business planning and general management consultancy work for clients; undertake office management

  Salary: A$45 000 per annum

  Qualifications required: Aptitude for dealing with the public; small business background; experience in preparing and evaluating business plans; business degree useful, but not essential.
- *Consultant — training activities*

  Duties: Prepare and deliver training courses

  Salary: A$45 000 per annum

Qualifications required: Aptitude for dealing with the public; small business background; training qualifications (or willingness to obtain); proven ability to deliver effective training sessions; formal educational qualifications preferred.

More detailed job descriptions, employment contracts and ongoing performance appraisal mechanisms will be needed during the second year of operations, or when the employment of full-time staff other than Jessie is necessary (Anderson & James 2008, p. 2). This information must be compiled and entered into that year's business plan. When the business does reach the stage of employing more than one full-time person, it will also use a team-based approach in dealing with specific projects, with different staff members leading the rest of the team on particular assignments.

Training
A minimum of 20 hours professional development must be undertaken by each employee each year, as such training is needed to keep abreast of general developments in the field. One area where specific knowledge is needed is in the preparation of tender submissions.

Professional associations
The managing director will seek to join the Institute of Management Consultants of Australia (IMCA).

4.4 Professional advisers

Accountant
Sunshine Street Accountants
4 Sunshine Street, Midland NSW 2050
Ph: (02) 7999 9999 Fax: (02) 2222 9999 Email: info@sunshinestreet.com.au
Lawyer
Moot & Moot Partners
Suite 1, 1 Main St, Sydney NSW 2002
(Postal address: PO Box 1, Sydney NSW 2045)
Ph: (02) 8999 9999 Fax: (02) 3999 9999 Email: reception@moot.net.au
Insurance broker
To be determined
Bank account
MegaBank Australia
5 St Gregory Tce, Sydney NSW 2000
Manager: Janine Gregory
Ph: (02) 2222 3333 Fax: (02) 2222 3334
Email: Janine.Gregory@megabank.com.au
Bookkeeper
To be determined. This will not be sought unless the managing director can no longer provide this service.

4.5 Insurance and security issues

The following insurance will be required for the business:

- professional indemnity
- public liability

- workers compensation
- director's liability (possibly).

It is estimated that the combined cost for these insurances will be approximately A$2500 in Year 1 of trading.

Necessary security precautions for the business property and equipment include the provision of a locked filing cabinet for client records. Online security for the website will be needed, and electronic data will be backed up regularly and stored off-site.

4.6 Business premises

(a) *Location*

The business will be based at Jessie's home at 135 Central Boulevard, Sydney NSW 2000. A separate room that can be used as a dedicated office is available, with all required furniture and equipment. The property concerned is owned by Jessie and her husband, so it has security of tenure indefinitely. No rent is payable and no special equipment or fixtures are required.

Training courses will be conducted at specialised venues that can be hired on a daily basis.

(b) *Council and government rules*

A home-based business licence will have to be obtained from the City of Sydney. No other licences apply to the project. Trainers and business planners do not need to be licensed.

(c) *Ability to access target market*

Since most services will be provided on-site at the customer's premises, the office will easily allow the business to access its target markets. The office is located close to most major roads and freeways. Clients will be scattered throughout the metropolitan area, therefore, the firm will need to travel to the client's preferred locations.

4.7 Equipment required

The equipment required for the business will be:

- answering machine
- telephone line
- mobile phone
- computer, printer and scanner
- high-speed internet access
- filing cabinet
- table
- ergonomic office chair.

Quotes from suppliers indicate that the total cost of these items will be approximately A$11 500. All materials required for the proposed training programs (such as TV, video and whiteboard) are provided by commercial training venues.

Likely future needs

If future growth necessitates the use of a fax/modem, the existing home phone line will need to be replaced with a business phone line. Future computing needs will probably include an upgraded system with wireless internet.

4.8 Production processes

An operations manual, updated every six months, will explain procedures and processes within the office. It will also allow the company to apply for quality assurance certification at a later stage, if it wishes to do so.

4.9 Information and communication technologies

The business will use Microsoft Office® professional suite to manage most internal data and document handling needs and, in addition, will purchase MYOB® basics for our accounting software. We will use customer relations management tools from Salesforce.com for developing a knowledge base of our existing and future clients and an online communications and E-commerce toolset developed by Woocom.com.au. Selected 'lead user' clients will also be given access to a private wiki that we hope will involve them in the development of process and product improvements over time.

4.10 Critical risks/contingency plans

The critical risks facing this business and contingencies to deal with them are:

- liability — to be covered by professional indemnity insurance
- injury to the managing director — to be covered by workers compensation
- excessive workload — other directors may take on work, or it may be redirected to other consultancies with whom a strategic alliance has been developed.

Section 5: Financial projections

5.1 Basic assumptions and information

(a) *Calculation of income and expenses*

Expenses have been calculated based on market research and the manager's own knowledge of costs. It is assumed that all accounts revenue will be paid within the month issued (so there is no delayed income on a monthly basis). No provision has been made for the impact of inflation or increases in costs. Pricing and costs for the second year of operations will be reviewed in next year's business plan to take these factors into account.

Depreciation of equipment items purchased in July 2014 is calculated using the straight-line method at 10% per annum of total initial outlay. Book sales assume a gross cost of goods of 60% (that is, a A$20 gross profit on sales price of A$50). Only one year's forecasts have been provided due to the difficulty of forecasting over a longer time period.

(b) *Financing of the business*

The directors will provide an initial capital contribution to the business according to their shareholdings — Stephen Molloy A$4000, Jessie Jones A$4000, Andrew St John A$2000. Sales income for July 2014 is based on commitments or early orders from prospective clients, thus providing initial cash flow and removing the need for short-term debt financing. The overall financing strategy is to operate, wherever possible, with a cash surplus in the bank account at all times. Bank loans will not be required. If necessary, the directors will reduce the wages paid to them during times of cash flow difficulty.