

The business plan - basis for success

A good idea is not enough - it must also be successfully put into practice.

Young companies often fail because of insufficient planning. Opportunities and risks of a business idea should be thoroughly considered. The more concrete and detailed a business plan is, the more realistic the chances of success can be assessed.

A great idea can not be spectacular if you take a closer look at the numbers in particular. A well-founded business plan can improve the chances of success and better attract capital investors.

The business plan is an important key document and serves among other things:

- the assessment of the planned business activity
- the control of business processes
- as a basis for decision making for investments
- as a basis for the investment decision of banks, investment companies, business angels, crowdfunding investors or other investors.

When creating the business plan, founders are forced to critically deal with their idea:

- Knowledge gaps are recognized and can be closed accurately
- Alternatives can be worked out
- Decisions are required.

The business plan is the central element to master emerging difficulties and to make a decisive contribution to the project.

Basically:

A business plan should always be thoughtful, consistent, structured, sound and plausible.

Clarity:

- well structured
- focus on the essentials
- Short, but complete.

Matter-of-factness:

- No raving in your own ideas.

Comprehensibility:

- avoid technical details
- simplification
- also understandable to laymen.

Uniform appearance:

- a language, a style
- positive figurehead
- clear formatting, graphics
- numbered table of contents

- a financial section supported by tables.

The business plan should contain at least the following modules:

The business plan

(according to participant manual StartUp contest)

building block	focus	amount ^{*)}
1. Summary	<ul style="list-style-type: none"> • Description of the business idea • Essential success factors • Significant risks • aims 	approx. 1
2. corporate form	<ul style="list-style-type: none"> • legal form • Business partner structure 	approx. 1
3. Product / service	<ul style="list-style-type: none"> • Description of the product / service • Customer advantages / customer benefits • State of development of product and service • innovation • Prerequisites for Business Operations / Manufacturing Requirements 	approx. 4
4. Field / Market	<ul style="list-style-type: none"> • field • competition • Customer 	approx. 3
5. Marketing & Distribution	<ul style="list-style-type: none"> • Market entry strategy • marketing concept • Sales Promotion / Advertising 	approx. 3
6. Management	<ul style="list-style-type: none"> • Professional qualifications • field experience • Commercial know-how • Business organization 	approx. 2
7. 3-year plan	<ul style="list-style-type: none"> • investment planning • human resource planning • profitability forecast • liquidity planning • chances and risks 	approx. 7

8. capital requirements	<ul style="list-style-type: none"> • own funds • borrowed funds • guarantees 	approx. 2
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*) recommended scope in pages

Module 1 Summary

- Description of the business idea
- Essential success factors
- Significant risks
- aims

The summary conveys the most important information about the business idea and shows crucial success factors as well as dealing with risks.

Good concepts are characterized by the following:

- the key success factors have been worked out
- Objectives are clearly worded
- Significant risks have been identified and possible solutions have been identified.

Common mistakes are:

- the business idea is not clear
- the explanations are far too extensive and circuitous.

Module 2 legal form

- legal form
- Business partner structure

The company form should be suitable for the planned project.

Good concepts are characterized by the following:

- Reasons for the decisions are explained
- Long-term goals of the shareholders are recognizable.

Common mistakes are:

- Missing statements on shareholder structure and share capital
- Overindebtedness problem due to start-up losses in limited liability companies
- No adequate choice of legal form and capital resources.

Module 3 Product / service

- Description of the product / service
- Customer advantages / customer benefits
- State of development of product and service
- Innovation
- Prerequisites for Business Operations / Manufacturing Requirements

In describing the project, particular emphasis should be placed on how the product / service differs sustainably from other offers.

Good concepts are characterized by the following:

- Functionality and customer benefits of the product / service are also comprehensible and plausible for laymen
- detailed, comprehensible explanations of the state of the art
- there are considerations for further development, diversification, maintenance and service offerings
- comprehensible representation of the production costs.

Common mistakes are:

- Formulations that require specialized knowledge
- no statements on offers from mid-competitors
- Customer benefits are not recognizable or not mentioned
- the range of services is not clearly defined
- the production costs are higher than those achievable on the market
- no information on the production costs.

Module 4 Field / Market

- Field
- competition
- Customer

Only if the business idea prevails on the market can the foundation be successful. Therefore, statements about field, competition and customers are important.

Good concepts are characterized by the following:

- when considering the competition, indirect competitors are also taken into consideration
- there is a detailed comparison of strengths and weaknesses with the competitors
- clear segmentation of own target customer groups and own offer
- Sales targets and market shares are quantified
- Solution alternatives for weak points are shown.

Common mistakes are:

- Missing or overestimated market potential

- No statement about competitors
- Competitive advantages are not recognizable
- the target groups are inappropriate or undefined
- missing figures on market, competitors and customer potential.

Module 5 Marketing & Distribution

- Market entry strategy
- marketing concept
- Sales Promotion / Advertising

Here should be shown how the market potential presented in module 4 should be developed.

Good concepts are characterized by the following:

- Timing and costing for market introduction and promotion are presented
- the sales concept is differentiated for individual products / services and target groups.

Common mistakes are:

- Product introduction and market entry strategy are not included
- inappropriate or missing distribution channels
- unenforceable or contradictory pricing policy
- too little advertising budget
- Advertising is not target group oriented.

Module 6 Management

- Professional qualifications
- field experience
- Commercial know-how
- Business organization

A business idea can only be successfully implemented if the management has the necessary know-how and sufficient knowledge and experience is available.

Good concepts are characterized by the following:

- there is a clear distribution of tasks and competencies

- Qualification weaknesses and lack of know-how were identified and solutions identified (vacancy profile, post-qualification, external consultant).

Common mistakes are:

- Commercial qualification is missing or not sufficient for the planned project
- Qualifications and experiences of the founder / founders are not suitable for the project
- CVs are not available.

Module 7 3-year plan

- investment planning
- human resource planning
- profitability forecast
- liquidity planning
- chances and risks

Based on the 3-year planning, it is possible to assess whether the project is economically viable. It forms an important basis for a financing decision by investors.

Good concepts are characterized by the following:

- Fluctuations in liquidity planning are explained
- realistic premises for the sales development are shown
- Alternative scenarios for considering opportunities and risks are presented verbally and in numerical form
- Estimates of investments or comparative salary information have been obtained

Common mistakes are:

- Follow-up investments and increased personnel requirements in the growth phase are not sufficiently taken into account
- Non-wage labor costs are not included
- Normal market salaries are not included
- Entrepreneurial salary is not sufficiently planned
- Sales sizes and sales growth are incomprehensible or unrealistic
- VAT is not considered
- Depreciation and significant types of costs are not recognized adequately
- Delayed receipt of receivables and possible bad debts are overlooked
- the problem of over-indebtedness in the start-up phase is overlooked.

Module 8 capital requirements

- own funds
- borrowed funds
- guarantees

Liquidity / financial planning results in capital requirements. Here is shown where the capital to come from.

Good concepts are characterized by the following:

- Sufficient start-up costs and reserves are taken into account
- there are concrete and realistic statements about the origin of capital.

Common mistakes are:

- Capital requirements only take into account investments
- the term of loans / financing is not according to the time limits
- no statements on the use of own capital
- unrealistic assessment of the capital market.

Attachments

Sample profitability forecast

Sample liquidity planning

Sample investment planning

Sample Capital requirements planning

Sample financial planning

Sample profitability forecast

In € without sales tax

	1st year	2nd year	3rd year
Sales			
Other income			
Total returns			
Use of goods including raw materials			
External services			
Gross profit			
personnel costs			
Rent, lease			
Heating, energy, water			
packaging			
Vehicle costs (fuel, repair)			
repair			
leasing			
advertising			
Travel expenses, hosting costs			
office supplies			
Postage, telephone, internet			
Magazines, literature			
Contributions, fees			
Insurance (without social insurance)			
Legal and business consulting			
Tax advice, accounting			
Taxes (car tax)			
Other costs			
extended cash flow			
Interest and similar expenses			
Cash flow			
depreciation			
Net income (before income tax)			

[illegible]

Total payouts													
Balance deposits / withdrawals													
Bank balance at the beginning													
Balance deposits / withdrawals													
Bank balance at the end													
Existing Current account credit lines													
Surplus / deficit													

Sample investment planning

1. Financial investments

- 1.1. Buying a company
- 1.2. Participation in companies

Subtotal financial investments

2. Material investments

- 2.1. Land and buildings
- 2.2. Business property
- 2.3. renovations
- 2.4. ancillary costs of the construction project
- 2.5. Other construction measures

Subtotal construction investment

- 2.6. Operating and office equipment
- 2.7. machines and devices
- 2.8. vehicles
- 2.9. Communication technology (PC, telephone, ...)
- 2.10. Reserve for follow-up investments

Subtotal material investment

3. Intangible investments

- 3.1. Patents and licenses
- 3.2. Software
- 3.3. Research and Development

Subtotal intangible investments

4. Formation expenses

- 4.1. Consulting (lawyer, business, tax consultant)
- 4.2. Entry in the commercial register
- 4.3. notary
- 4.4. Other start-up costs

Subtotal formation costs

5. Other investments

- 5.1. Material and goods initial equipment
- 5.2. Market development costs
- 5.3. Other investment needs

Subtotal of other investments

6. Total investment

Sample Capital requirements planning

investments	EURO
Plot / building including outdoor facilities and utilities	
Remodeling and renovation costs	
Machinery, facilities, office	
vehicles	
One-time license or franchise fees	
Purchase price upon acquisition or participation	
Deposits of things	
capitalized own work	
one time costs (deposit, brokerage fees, consulting, market introduction, training, notary...)	
First goods / material warehouse	
Capital requirements from investments	

Working capital - pre-financing of orders (Capital requirement determination from liquidity plan)	
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Total capital requirement	
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Sample financial planning

EURO

own funds	
Contributions in kind / own work	
venture capital	
Total self-financing	
Crowdfunding	
public loans	
Home bank loans or other loans	
Current account credit	
Total debt financing	
Total funding	