

## Guidelines for drawing up a business plan or business concept

This guide takes you through the process of drawing up your business plan on a step-by-step basis. Each business concept is divided up into different sections. If you work through these sections on a step-by-step basis, you will end up with a business plan. At the beginning of each section we provide a short summary of what you need to describe or explain. We then list the questions that you need to answer to describe your business idea and concept. You do not need to answer all of the questions: We have marked the questions that you must answer with a star. The other questions stand in addition to these. They may be helpful for you and your backers. Some of the questions do not have straightforward answers. For these, we provide additional assistance. Simply click on the respective links to find out more.

Let's begin!

**Summary:** The summary is found at the beginning of your business plan. Here you provide a concise and precise description of yourself and the key points of your business idea. The short description should spark interest in you and your idea. There should be a recognisable central theme. It is often best to write the summary once you have completed all of the other sections of the business plan. The summary should not be more than one page in length.

- ➔ Who am I and what do I want to do?
- ➔ It should be possible to read and fully understand the summary in five to ten minutes!

- Your name, date of birth, marital status, country of origin, qualifications
  
- Provide a brief description of your business idea and customer benefit:
  - What is my business idea / my product / my service?
  - What benefit does my product / service offer my customers?
  - What is special about my idea / my product / my service (e.g. gaps in the market, new trends, time-saving for customers)?
  
- Target audience / market
  - Who are my customers (e.g. their age, gender)?
  - How great is the market potential? Are there any current trends?
  
- Organisation
  - What is your company name?
  - What is the legal status of your company?
  - Do I want to employ staff?
  
- Location
  - Where will my company be based?
  - When will I launch my company?
  
- What do I still need to do before launching?

- (1) **My profile:** Describe what motivates you, your qualities and skills. Refer to your curriculum vitae for more details. You should also state if you are supported by your family. If your self-employment demands formal qualifications (e.g. master craftsman certificate, degree), you must be able to prove that the qualifications that you have acquired outside Germany are equivalent to those required.

→ What is my motivation and what can I do?

- Why am I going to start my own business – my motivation (e.g. my desire for a change of career or self-fulfilment; I want to make use of my qualifications; I want to earn more money; I don't want to be unemployed any more; I want to make my own decisions)?
- What skills and qualifications do I have (e.g. professional and school qualifications, professional experience, hobbies, language skills, voluntary work)?
- What entrepreneurial skills do I have (e.g. business knowledge, accounting skills, fiscal knowledge, IT skills)? What link do I have to being self-employed (e.g. role models within the family, friendship circles)?
- Will I be supported by my family (e.g. wife, family members)?
- What happens if I cannot work due to illness? Who could take over my responsibilities (e.g. family, friends, acquaintances)?

**(2) My business concept**

**2.1. My product / my service:**

Describe your business idea and your planned business in detail. Describe what you have to offer and how your business idea is different from similar business ideas or from the competition.

→ What does my idea comprise and why is this unique?

- What product / service am I offering?
- What is special about my product / my service – what are the benefits for my customers?
- Where did I get the idea?
- What work do I still need to do before I can offer my product / my service?
- What legal formalities do I still need to complete (e.g. permits, authorisations)?
- How will I get my product to my customers (sales channel)?
- Who will manufacture my product?
- Do I need machinery to produce my product?
- Do I need materials to produce my product?

### 2.1.1 My partners / network:

Describe whether you need additional partners to manufacture or sell your product, or whether you are already working with a partner. Describe these people and their responsibilities:

→ Who are my partners?

- Who am I working with to execute my idea (do I have a partner)?
- Which partner do I need to manufacture or sell my product (e.g. where will I get the necessary products from, who will support me regarding sales)?
- Am I dependent on suppliers or other business partners (e.g. which partners do I already have, which partners do I still need, which partners are needed)?
- Which other partners could prove key for me?

### 2.2 My customers:

Describe your customers and how you hope to acquire them. Identify the needs of your customers and the opportunities you have. Demonstrate whether and how you know your customers.

→ Who is going to buy my product / my service?

- Who are my customers? (e.g. age, income, background, gender, attitudes, lifestyle)
- Do my customers have any special requirements?
- Why do these customers want to buy my product / my service (e.g. benefit, need)?
- Do I already have future customers (e.g. number and in which region)?
- What do I know about my customers (e.g. how often do they shop)?
- How much money do my customers have?

### 2.3 My location:

Describe how you want to practise your self-employment and the benefits that the location has for you. For some activities – like retail – the location is very important; for others – like business consultancy – the location is not as vital.

→ Where will I work, and why this location?

- What are my business premises like (e.g. size, equipment, storage etc.)? Do I need my own premises?
- Where are my premises located (e.g. central, edge of town, residential area, industrial estate, business district, restaurants)? What image does the location have (e.g. population structure)?
- What are the transport connections like (e.g. public transport, parking spaces for cars)?
- What are the advantages of the location (price, proximity to customers, good infrastructure)?

## 2.4 My market and my competition:

Describe the current and future market situation for your occupation, in general and specifically at your planned location. Describe whether you have competition and how you want to be better.

→ Where am I selling my product / my service and why am I better than others?

- How far does the catchment area for my product / service reach (immediate location, in the region, in the federal state, across Germany, across Europe)?
- Is my product / my service dependent on the general state of the economy (e.g. is it an everyday product / service or a luxury product / service)?
- Is my product / my service dependent on the season (e.g. summer or winter)?
- Are there similar products / services in my region? If so, where?
- How does my product / my service differ from the rest (e.g. price, quality, contemporary, on trend etc.)?

### 2.4.1 My price

Describe how expensive your product is and how you came to this price.

→ How expensive is my product / my service?

- How expensive should my product / my service be?
- How do I come up with the price of my product / my service (e.g. through procurement and production, or through my own living expenses)?
- Will the price change over time (e.g. cheaper in the beginning as part of the launch)?
- What role does the quality of my product have on the price (high-quality and for fewer people or more of a mass product)?

## 2.5 My marketing / my advertising:

Describe how you want to appeal to your customers. Describe what methods of communication (advertising, referral marketing) and distribution (e-sales, direct sales) you want to apply. Describe why you are choosing these methods.

➔ How will I advertise and sell my products / my services?

- How will my customers find out about my product / my service?
- What advertising measures am I planning (e.g. newspaper, poster, flyers, online, Facebook)? How will I tell people about my product / my service?
- What budget am I planning for advertising?
- Am I giving my product / my service a special name?
- What do I want to achieve with my advertising (long-term customer retention, rapid sales, attracting attention quickly)?
- What content do I want my advertising to have (e.g. "quick and cheap" or "expensive but the best")?

## (3) Type of business

Describe which legal status you are planning for your business and why. Describe any formal requirements that you must adhere to.

➔ Which legal status am I planning?

- Which legal status am I intending to use (e.g. a partnership (GbR), entrepreneurial company with limited liability (UG), limited liability company (GmbH))?
- Why have I chosen this legal status (e.g. tax benefits, limited liability)?
- Do I need any special permits (health authority, police authorisation)?
- Do I need to register my service (e.g. chambers, associations)?

## (4) My future strategy

### 3.1 My objective

Describe the goals you have set yourself and the chances that you have. Look ahead and think about what you want to achieve.

➔ What would I like to achieve in the next few years?

- What are my medium- to long-term goals (e.g. expanding the catchment area, increasing production, second source of income)?
- What do I want my business to look like in three years' time (e.g. will I have employees, what will my turnover be, what will my profit margin be)?
- What challenges and opportunities do I have with my business?

### 3.2 My personnel management:

Describe whether you need employees, what qualifications they must have and how many members of staff. Do you want to employ full-time staff, or are you considering part-time workers or interns/apprentices?

→ Will I need staff?

- Am I planning on hiring staff in the near future? How many people do I want to employ in the short- and medium-term?
- What qualifications should my staff have?
- What type of employment am I considering (voluntary, 400 EUR jobs, apprentices, interns)?

### 3.3 My company processes

Describe what you are planning for your company's internal processes. What are the most important tasks and how will these be executed?

→ How will I distribute the tasks?

- What is the ratio between office work and other tasks?
- What office work will be required?
- Which tasks will I do myself, and which will I delegate to others?

**All about financing: Capital and financial plan**

Take the time to make thorough preparations. Often self-employed people fail because they do not plan their costs and financing realistically, and their financial reserves do not stretch far enough.

**A. Living expenses**

Describe your monthly living expenses – do not include the expenses for your self-employment.

→ How high are the expenses for myself and my family?

- How high are my monthly living expenses?
- How high is my rent?
- What do I spend on food?
- How high are my other expenses?
- Do I need a reserve for unexpected events (e.g. illness)?
- Do I need a reserve for an annual holiday?

**B. Financing plan**

**Capital requirements plan:** Describe how much money you need to set up your business, and what this money will be spent on. Do you need to buy machinery, and how high are the costs for manufacturing your product / providing your service? Are there any other costs that you need to consider?

→ How high are the expenses for my business?

- What investments are needed?
- What costs will arise in preparing for launch (e.g. for advice, fees, duties, administration, marketing)?
- What costs will arise for possible investments (e.g. rent, machinery, furniture, computer equipment, tools)?
- What costs will arise for other expenses (e.g. taxes, lawyer, fees)?
- What costs are there for manufacturing my product / for buying the product?
- What is the monthly cost of my office / shop / workshop?



**Financial plan:** Describe where you have got the money from to practise your business

→ Where have I procured the money for my business?

- How high is my own capital (e.g. savings)?
- What material expenses (e.g. property) do I have and can I utilise?
- What level of loan / grant can I use?
- Do I have a borrowing requirement that I need to draw on (e.g. bank loan)?

**Break-even analysis:** Describe the revenue and expenditure that you expect for your business over the next three years. The expenditure is then subtracted from the revenue. The calculation shows whether your business will be worthwhile for you over the next few years. You must complete this calculation for each month.

→ How much do I earn from the business and how much does it cost?

- What price can I set for my product / my service?
- How high are my monthly fixed costs?
- What is the minimum turnover that I must achieve to cover my costs? By when do I want to be achieving this minimum turnover (e.g. after three months, after six months)?
- How many products do I need to sell / how often do I need to provide my service to achieve this turnover?

**Cash budget:** Describe how you want to fulfil your financial obligations. The cash budget lists all expenses and revenue: including living expenses, tax payments, social insurance contributions, possible interest payments. You then subtract the expenses from the revenue. If you end up with a deficit, you must think about where you will get the missing money from for the month in question. Deficits should only be rare occurrences.

→ Do I have more revenue than expenses?

- How much money do I spend on my business per month?
- How much money do I spend on myself and my family per month?
- How much money do I spend on social insurance contributions / pension per month?
- How high are my earnings from my business?
- Do I have other sources of income?