



Briefing Note for CLA members

Business Planning (1)

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In order to assist members during the agricultural transition, the CLA has produced a series of briefing notes on business planning. These provide information on what members need to consider when they are either developing their existing business or are considering a new business venture.

The basic elements of a business plan

What is a business plan?

A business plan is a written document that describes the business. It covers a range of areas including: objectives, sales, marketing and financial forecasts. It has many functions including securing external funding as well as measuring the success of the business.

A business plan can be for a start-up which is seeking to secure investment and support or an existing business that wants to see how and where it can grow.

It is intended to capture the strategic, operational and financial aims of the business. In effect, a good business plan will include:

- an executive summary outlining the detail of the business proposal;
- a written overview of the aims of the business;
- its product or services;
- analysis of the market and a series of sales forecasts;
- the management team; and
- a range of financial forecasts and appendices, such as the CVs of key management members, market research data or technical product information.

The body of the business plan needs to cover these areas in detail. It needs to give the reason the business is being established and include a range of business goals. It also needs to set out whether the intention of the business is for rapid growth or a regular, steady trading level.

It also needs to explain what the business will do in simple terms as well as highlighting any features that set the business apart from any competition.

Finally, a business plan needs to include market and competitor information, an outline of what part of the market is being targeted and what differentiates the business from others in the market place.

The length of a business plan

An effective business plan can be both short and long. It very much depends on the audience it is being written for as different audiences have different needs. For example, if it is for a third party, it is wise to ask beforehand what information is required. If the aim of the business plan is to consider a redevelopment of an existing business, the research and timing is important. A key element is to put the plan in a format which is easy to use. This may mean a business plan of a page or one that is considerably longer. This very much depends on the type of business involved as well as the goals of the management team.

The business plan for a growing business

It is important to stress that business plans are not just for start-ups or new ventures. They can also be invaluable for established businesses for keeping track of the progress being made and where changes may be necessary. It can help discover how well the objectives that were initially set out are being met. For example, a refreshed business plan can assess where there may be new opportunities in the market or where changing conditions may mean that certain activities, which are no longer a priority or relevant in a changing market, are no longer required.

Put simply, a business plan should not be regarded as a one-off event. It must be evolutionary in nature to get the best out of the business. A brief but regularly updated business plan for an established or growing business is as important as a business plan for a start-up.

Risk

The element of risk in a business must always be considered when writing a business plan. It may be tempting for a start-up to examine all the potential risks and try and mitigate them all. However, launching a new business is all about risk and there may come a point where certain risks are deemed as acceptable. The importance here is of the need for continual review where changes in the market may mean that what was seen as a risk initially may no longer be the case.

Running the business

Most businesses fail not because the business idea is fundamentally flawed but rather because of an unwillingness or inability to get to grips with actually running the business. Although doing the mundane may be boring, doing it well can reduce the stress involved in running the business as well as freeing up time to make the business profitable. Therefore, getting the business plan right can ease the operational aspects of the business.



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