

9. Business plan

1. Missing words

A great idea may kickstart a business, but it's not enough for success. An entrepreneur will need to _____ carefully how to put the idea into practice. A business plan is a document setting out details of the business opportunity and how it will be achieved. It provides details about the business owners and their _____, as well as a description of the goods or services to be produced. It will contain a great deal of financial information including a cash-flow _____, outlining the money coming in and going out of the business. This should also identify how much _____ is needed to get the business started. Producing a business plan is vital for raising funds from _____ or the bank.

Hint: words from – finance, forecast, investors, objectives, plan

2. Business plans – matching definitions:

Match each of the definitions on the left to the correct key term on the right:

Definitions	Key terms
1. The money (capital) that a business needs in order to carry out its plans.	a) Break-even
2. Generating a level of revenue that is greater than the costs incurred by a business over a period of time.	b) Business plan
3. An individual who is good at spotting business opportunities and taking risks.	c) Cash flow forecast
4. A document that sets out a business opportunity and how it will be achieved.	d) Entrepreneur
5. A document showing the expected cash inflows and outflows in the coming months	e) Finance
	f) Investors
	g) Objective
	h) Profit

3. Business plan - multiple choice question:

Danny wants to set up his own business as a personal fitness trainer and is hoping for a £10,000 loan from the bank. Which **3** of the following pieces of financial information should he include in his business plan?

- Results of market research Danny carried out into rising obesity levels in the UK.
- Details of the money available for investment into the business from Danny and two family members.
- Details of Danny's GCSE and A level qualifications
- Details of Danny's qualifications as a personal trainer
- Estimates of the business' running costs for the first twelve months
- Forecasted revenue generated from clients in the first twelve months, based on market research carried out by Danny.

4. Give two answers for each of the following:

4.1 Give two likely benefits for a new business from drawing up a business plan:

4.2 Give two possible dangers for an existing business from failing to produce a business plan before starting a period of rapid expansion:
