



The Business Plan

The Executive Summary

The starting point is always executive summary. The other major area of focus is the marketing plan. It consists of strategic marketing data and action plans that upon implementation will be the key success factors. The summary must include the following critical elements:

1. A concise explanation of the business
2. A description of the market size and market need for the business
3. A discussion of how your service is qualified to fulfil this need.

In addition, a stand-alone Executive Summary should include summaries of each essential element of the Business plan. This includes paragraphs addressing each of the following:

Customer Analysis: What specific customer segments you are targeting and their demographic profiles

Competition: Who your direct competitors are and your key competitive advantages

Marketing Plan: How the company will effectively penetrate its target market

Financial Plan: A summary of the financial projections of the company

A biography should include any history of launching and growing new businesses or managing businesses

It should have:

Opportunity

The plan needs to paint a compelling picture of the opportunity and that you understand the market dynamics surrounding the opportunity. It is useful to gain an understanding of the potential size of the opportunity in terms of the possible number of potential customers. This is not to suggest that all potential customers should be targeted; rather it is to allow you to discover and understand where the customers are and what their needs are.

Marketing: The language of Marketing

Few people have a clear view of what marketing is; many think it's about advertising and promotion but these are simply actions arising from marketing plan and strategies. What we need to get into is the language and understands what the terms mean so we can best use them to build our plan

This is for verbal OR written communication:

1. **Target** – These are who my ideal clients are
2. **Problems** – This is the problem or challenge they experience
3. **Outcome** – This is the ultimate outcome I help them achieve
4. **Story (Proof)** _ Here is a story or case study that proves that I help

This is for written communications:

5. **Benefits** – Here's everything clients get when they work with me
6. **Process** – This is the process I use to deliver those results
7. **Credibility** – Here's something about my background and experience
8. **Call-to-action** – Here's what I recommend you do next, if interested. Call/email/download...

Used correctly this marketing syntax form above becomes the language that makes sense of your offering; it interests prospects on what you have, and makes them want to know more – a key factor in having people contact you off your website.

The best way to understand marketing syntax is through developing and practicing your own marketing message. At the end of this section you can use the Activity to develop your Core Marketing Message

Analysing customers in your business plan

This section of the business plan assesses the customer segments that the business will service. In it, the founder must:

1. Identify its target customers
2. Convey the needs of these customers
3. Show how your services satisfy these needs.

How your solution fits in with your target market. Do you complement commonly used technologies (such as web-based accounting software), or do you displace them? Do you change the way certain business processes get executed, or do you just do them the same way, but faster, better and cheaper? Who exactly is the buyer?

The first step of the Customer Analysis is to define exactly which customers the business is serving. This requires specificity. It is not adequate to say the business is targeting small-to-medium sized businesses, for example, because there are over around 2 million of these types of customers in a small market Australia. Rather, the plan must identify precisely the customers it is serving, such as

small businesses with 0 to 25 employees based on the eastern seaboard (or, better, in your own immediate locale). (We will shortly select a target market and drill down into it in order to illustrate how you research your target market.

The demographics and the potential buying behaviour of these customers need to be identified.

Questions to be answered include:

1. How many potential customers fit the given definition and is this customer base growing or decreasing?
2. What is the average revenues/income of these customers?
3. Where are these customers geographically based?

After examining customer demographics, the plan must detail the needs of these customers. Conveying customer needs could take the form of past actions (X% have purchased a similar service in the past), future projections (when interviewed, X% said that they would purchase product/service Y) and/or implications (because X% use a product/service which our product/service enhances/replaces, then X% Need our product/service).

The business plan must also detail the drivers of customer decision-making. Sample questions to answer include:

What are the factors that influence the buying decisions:-

- Quality?
- Service?
- Reliability?
- Price?

There is one last critical step in the Customer Analysis -- showing an understanding of the actual decision-making process. Is it an impulse decision to buy the service? Does it require a consumer/customer consulting others before making a decision? Do buyers make decisions online via a business website?

It is essential to truly understand customers to develop a successful business and marketing strategy. By spending the time to research and analyse your target customers, you will develop both enhance your business success.

Illustration: Researching the café industry as your target market.

You may access a group of businesses when you hang up your shingle as a bookkeeper so the illustration here may be specific to cafes but most businesses will have core bookkeeping needs. Marketing to specific target markets/trades/professions can offer you the advantage of specialisation.

Background (whichever industry you may seek to look at; the report could look like this)

Cafes have been the boom sector of the restaurant and catering industry now employing hundreds of thousands of mainly casual staff and attracting more than 40,000 business owners, the vast bulk of whom employ less than 20 people. By its very nature, it's a highly competitive industry with few barriers to entry and often low profit margins as a result. Many new entrants lack the business skills necessary to survive.

Apart from that personal touch and accountability the factors that are important to the success of a café business are:

- Quality ingredients
- food safety and
- Financial controls.

Financial controls lie at the heart of any sustainable small business but often remain elusive in this industry. Too many operate hand-to-mouth, treating the cash register as their play thing. A professional bookkeeper will be able to provide regular costing on spreadsheets as added value. Here all products are carefully costed and Professional Bookkeeper can provide the Business owner the help to get the systems in place.

Like any small business a successful outcome is not just a business that provides a decent living wage for the proprietors but the opportunity to build some goodwill which can be realised upon on a business sale. This is vital and often neglected in the initial rush of blood to get into business.

The illustration of the café business should give the reader a sense of the potential for marketing to café operators.

We are using café as an illustration because every suburb has them and new ones open all the time and they present as useful case study for other related business including:

- QSR: quick service restaurants (fast food)
- Restaurants
- Food service
- Hospitality (including hotels, pubs, wine bars, clubs)

A bookkeeping business operator will need to learn the ropes of being a good manager of their own business; they also will need to 'stand in the shoes' of their clients. Familiarity with a client's business an industry is of paramount importance.

1. Industry knowledge means you can offer value to the client
2. Industry knowledge gives you a competitive edge
3. Industry knowledge enables you to market for new customers

Researching the market

Integral to the research process in establishing your business therefore also requires researching an industry category where you may be seeking to establish a niche or a target market. Research sources will include:

- Industry directories (for example hospiltiyhub.com.au; coffeeindustrydirectory.com.au)
- Yellowpages.com.au
- Chamber of Commerce
- Local business directories
- Search engines
- Research firms such as IBIS (below)

Cafes and Coffee Shops in Australia: Market Research Report

Market Research • Market Size • Industry
Statistics • Industry Analysis • Industry
Trends

Cafes and Coffee Shops Market Research Report | ANZSIC H4511b | Mar 2013

Report Snapshot

Market Share of Companies

There are no
companies with a
dominant market
share in this industry

Industry Statistics & Market Size

Revenue	Annual Growth 08-13	Annual Growth 13-18
\$5bn	2.2%	X.X% 
Profit	Employment	Businesses
X.X% 	83,719	6,488

Industry Analysis & Industry Trends

The Cafes and Coffee Shops industry owes its success to the nation's love for quality gourmet coffee and the extent to which this is entrenched in the daily routine of many Australian consumers. The arrival of European immigrants after World War II and the emergence of popular European-style cafes in the 1950s crafted a strong and vibrant coffee culture that has endured to the present day. This unique aspect of the Australian market supported demand for the industry during the recent global economic downturn.

Australia's coffee culture combined with the prevalence of small speciality cafe and coffee shop operators has resulted in a high level of competition, low barriers to entry and low industry concentration.

Industry Report - Industry Locations Chapter

The industry is generally spread according to the share of population by state and territory. Within individual cities, there tends to be a greater concentration of these establishments in higher than average household income areas and also in the central business district to cater for the coffee consumption of office workers. The population level of each state has a direct influence on the number of coffee drinkers and consumers and as a result, more densely populated states have a higher proportion cafes and restaurants to service consumer demand.

Driven by population levels and consumer demand, eastern Australia has consistently accounted for approximately 80% of national income for the industry over the last decade.

[Industry Products](#)

[Related Reports](#)

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What is the Cafes and Coffee Shops Industry?

This industry consists of cafes serving food and beverages for customers on premises. The report covers the following business types: licensed cafes, BYO cafes, licensed and BYO cafes and unlicensed cafes. This industry excludes takeaway food services, restaurant and catering services, theatre restaurants and the selling of alcohol for consumption on and off premises.

Industry Products

Coffee shops Cafes

Industry Activities

Cafe operation including BYO, licensed, BYO and licensed, and unlicensed; food service; Fish and Seafood Wholesale Fruit and Vegetable Wholesale Liquor Wholesale Meat, Poultry and Smallgoods Wholesale Tea, Coffee and Other Food Manufacturing. .

What to look for in your research?

Ideally you want to be able to market your services to new business starting up as well as established businesses; you will also want to have marketing material (which we will look at later) that can be used to position you and your bookkeeping business as being 'open' for business. The more you understand about the nature and dynamics of the industry the better the chances of gaining business as well as the social revenues, wages, taxes, rents etc paid. What level of profitability is the norm? Is there a benchmark that operators should reference to?

Is there a market for your bookkeeping business?

You may have a good idea, but is it a good business proposition? Not all good ideas make money. To have a viable business you need to be able to sell something that people want and make a profit from it. Market research in the early planning stage of your business will indicate whether you have a "goer" – whether there is a market for your service, whether customers will buy it and what kind of price you can expect to sell it for.

Do a market analysis to find out as much as you can about the marketplace, your customers and your competitors. You will want to develop a list of target prospects. Decide who they are (age, location, income group, occupation, business) and find out as much as you can about them. Your aim is to concentrate your marketing strategies on these customers who are most likely to buy your service for the same customer dollar.

The lingo: What's the 'language of your target market?'

Or, what are the concerns of café owners?

Primarily café owners will need to be compliant like all other business as with tax always and sound business management practices. Cafes that operate within shopping malls will also be required to present their accounts to landlords where it is often the case that rents are aligned to turnover and other increases. Let's explore some of these issues a little deeper.

Cash flow

Perhaps the café owners are experiencing poor cash flow due to poor management of creditors and debtors. This can spell the end of a business, even if making a profit on sales. If you were speaking to one you might ask some questions:

1 Do you use a cash flow budget?

2 Do you track *expenses when they are made*?

As you would know, it's also important to understand where cash can get tied up in a business – primarily stock for a café. So this can be put in the spotlight.

A peek inside the café business; an accountant's or bookkeepers' view

In today's highly competitive climate, café operators can be blind-sided by financial statements and reports. A bookkeeper can have an important role to play on how to become better financial managers to improve their business.

Most operators don't particularly like or understand financial management. They leave it to others. That can be a problem.

Marketing message for café owners is "If you have a system that can produce timely and accurate financial information, then use them. "

When things are tight people look at how to reduce costs but they should always be careful about cuttings costs that could be detrimental to the business e.g. marketing, presentation etc.

A bookkeeper could advocate that the (financial) numbers café owners need to know are:

- Overall profit margin
- Cost of every product: to make sure they are making a profit on each product individually or when bundled in a special offer.
- Volume of each product

In terms of good management and especially in terms of managing for growth, it is an imperative to know how much an individual product may be contributing to the business bottom line. This should raise crucial questions for growing revenues.

By knowing their overhead costs and the profit margin they want to achieve, they can determine the level of sales required. For best control, they should break that down so they know the sales they need to achieve each day.

On the question of growing revenues, there is opportunity to market the value of key metrics. More revenue comes from:

- More customers
- Sell more to each customer
- Increase frequency of visits
- Bigger profit margins

So the focus for growth should be; how to improve these numbers. Most café owners would probably not (even) know these numbers. Their till system should provide a lot of this information.

Their accounting system should make it easy to keep accurate records to help them manage their cash flow, understand their costs and sales, and keep accurate records.

This is where many cafes could reduce costs - by using a simple system that makes it easy to keep good records even if they have never been trained in accounting. As a cash business, cafes are always on the ATO target list.

Risks of NOT being familiar with the financials

Apart from running out of cash, there is an additional (and very serious) risk associated with poor financial record keeping. The ATO is using Performance benchmarks, developed using information reported on income tax returns and activity statements for the 2009-10 year. Performance benchmarks are updated annually. These benchmarks show a number of different financial ratios of business income to business expenses, to help businesses compare their performance against similar businesses in an industry.

The key benchmark ratio for this industry is cost of sales to turnover. This ratio is likely to be the most accurate predictor of business turnover. For businesses that do not report cost of sales or only report a small amount, total expenses to turnover can be used to predict turnover. Businesses operating outside the key benchmark may be contacted by the ATO.

During an audit, if a business does not have records to support their reported income and expenses, we may use benchmarks and other information available to assess the profits of the business.

Thus another incentive to keep good records not just for good management of the business but so as to avoid any audit from the ATO: a very powerful driver to employ bookkeeping services.

The role of financial management is to determine the ultimate effect that any action they undertake will have on sales. The ultimate aim should be to engineer cost savings whilst at the same time growing sales