

Business Plan Light.

Preparing financing in small businesses.

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The Business Plan

Introduction

Business plans are important, useful tools for every executive board, administrative board and every businessperson. You have to make the right decisions for your business, regardless of whether you are still in the planning phase or already established in the market. The business plan first analyses the situation. You then define your targets. Next, you plan and budget in the programmes that will make your company successful. The targets and programmes are then used to derive your capital requirements and financing needs.

The Business Plan Light is more than sufficient to get an initial impression of your business. In fact, this planning aid is also useful for small companies already in business or for simple projects. The more innovative, risky or complex the project is, the more sophisticated the planning needs to be. In that case, it would be better to work out a more detailed business plan. For more detailed business plan forms and some real-life samples, visit www.ifj.ch, www.estarter.ch and www.ubs.com.

Procedure:

- 1 step:** Briefly describe the company, what sector you are in and who is behind the company.
- 2nd step:** Analyse the present situation and the future of the company. Explain in terms as precise as possible what you consider to be the key strengths and weaknesses of your business. Try to point out what makes your company more successful than the competition. Then define the most important opportunities, risks and challenges of the future for your company.
- 3rd step:** Describe the market your company is currently in, listing your customers and products / services. You will ideally include the number of customers per group and how much of overall sales they account for. You then provide the same information for your market 3 years from now.
- 4th step:** List all your customers that are "good references"; give a brief description of why your customers are so happy with your company. Describe the programmes that you intend to use to obtain new customers and / or how you plan to make your company better known among your target customers. Name the distribution partners you wish to offer your services through and / or who will be helping you to win new customers.
- 5th step:** Here you describe the infrastructural changes you plan to make to reach your targets. This will be the foundation for the next 3 years' investments / purchases; it will also allow you to define milestones with clear target dates. Make sure that your goals are measurable and that they can be verified on the target date.
- 6th step:** Describe the sales and costs situation in your company over the past few years and how you anticipate this situation will change in the future.
- 7th step:** In this step, you work out your funding needs based on your financial plan and then present your needs to the recipient of the business plan as a petition. Show what benefits your financing partner will enjoy by agreeing to your petition and what collateral you have to offer for the funding. Most importantly, you have to demonstrate how you will keep the finances and liquidity in your company under control in the future.

Tips:

- 1st tip:** **Customize your business plan for each particular recipient. What specific goals do you want to reach with whom using your business plan?**
- 2nd tip:** **First impressions are important with business plans, too. So supplement the business plan with attractive, convincing appendices.**
- 3rd tip:** **Regard the critical feedback and additional questions from banks or other partners as an opportunity to constantly polish your business plan.**

1. Overview of the company

Key word	Question(s)	Description	Details ¹⁾
1.1 Company	When was or when will our company be established ? How many employees do we have now?	Established on: <i>1 January 20.. (two years ago)</i> Entry in commercial register: <i>St. Gallen, 26 February 20..</i> Legal form: <i>Limited liability company</i> Number of employees: <i>2</i>	1
1.2 Industry	What industry are we in? What is our most important service / product and what is our most important customer group ?	Industry: <i>Photography/Internet/Advertising/Communications</i> Most important service: <i>Digital and traditional photography for websites, company portraits and brochures.</i> Most important customer group: <i>Architects, manufacturers, schools and consultancies</i>	
1.3. Vision	Where do we want to take our company? What is our long-term goal ?	<i>In 10 years, Michael Kretz should be a highly profitable company with 10 employees who can all become partners in the company if they so desire. We want to be known among SMEs in East Switzerland as a creative provider of end-to-end company presences (online and print).</i>	
1.4. Key financial figures	What is our financial standing according to our most recent annual accounts ? How much of an order backlog do we currently have?	Sales: <i>CHF 120,000</i> Operating earnings before interest and taxes: <i>-CHF 7,000</i> Equity capital: <i>CHF 76,000</i> Borrowed capital: <i>CHF 16,000 (creditors)</i> <i>The order backlog is currently Fr. 50,000 for the next three months (76,000).</i>	
1.5 Key persons	What key persons in which position contribute to the success of our company?	Name: <i>Michael Kretz Martin Kurz</i> Position: <i>Owner, Screen Communicator with Swiss Cert., Photographer Graphic designer and communications consultant, degree in Graphic Design</i> % ownership in company: <i>100 0 (5 % planned)</i> % work in company: <i>100 100</i>	2

¹⁾ Appendices follow numbers on the document or the index in the folder.
 (Free templates and checklists for creating various appendices can be found at www.eStarter.ch or www.ifj.ch.)

2. Current and future situation

Key word	Question(s)	Description				Details ¹⁾
2.1 Current situation	What are the biggest strengths of our company?	<ul style="list-style-type: none"> - Good industry knowledge and network of relationships in architecture, manufacturing, consulting and training. - Many years' experience in internet, graphic design and photography "under one roof". - Good network of relationships with regular customers, who are also well attended to and whose needs are properly addressed. 				
	What are the biggest weaknesses of our company?	<ul style="list-style-type: none"> - Our company is still too dependent on photography. - We are still too passive in selling additional orders to current customers and in winning new customers. - Marketing programmes (events, newsletters, etc.) remain too passive. - Not enough flexibility for major orders with only two employees. 				
	How do we differ from our most immediate competitor ? What is our recipe for success ?	Name: <i>Werbeagentur Wasserfest, St. Gallen</i>	Sales: <i>CHF 620,000</i>	How is our competitor better than we are? <ul style="list-style-type: none"> - Large network of relationships in metropolitan St. Gallen - High degree of name recognition and good reputation in photography and web design 	How are we better than the competitor? <ul style="list-style-type: none"> - Complete solutions with graphic design, photography and internet services - Our small size makes us faster than advertising agencies and big web designers. - We provide comprehensive customer service even after the project is concluded. 	
2.2 Situation in 3 years	What are the most important opportunities for our company in the market?	<ul style="list-style-type: none"> - The internet is rapidly establishing itself as a key medium of communication for SMEs. - SMEs from all industries are forced to be more active in their communications (competitive, pricing and efficiency pressures, etc.) - Customers increasingly expect end-to-end solutions from their partner, as well as a single contact person (outsourcing). 				
	What are the most important risks to our company?	<ul style="list-style-type: none"> - Printers and advertising agencies are becoming more aggressive about selling to smaller customers that did not used to be attractive to them (competitive pressure) - Printers and agencies are expanding their internet competence. - SMEs are no longer willing to pay for expensive photo shoots because many pictures can be purchased from internet archives at low cost. 				
	How are the needs of our customers changing? What specific benefits do we want to offer them in the future?	<ul style="list-style-type: none"> - Order deadlines are becoming tighter. Customers want orders to be completed with increasing speed. - Customers are stepping up their demands and expect a "worry-free package" from partners for a low price and without much extra coordination. - Rounding off our services with advertising consulting and brokering services in order to provide customers with even more comprehensive end-to-end solutions. - End-to-end solutions for company presences (home page, company portrait, correspondence, etc.) with assistance from outside partners and freelancers. 				

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3. Market today and in the future

Key word	Question(s)	Description				Details ¹⁾
3.1 Our market today	What are our current services and customer groups ?	Service:	Customer group:	Number of customers:	Share of sales in %:	
		<i>Object photography (machines, buildings, etc.)</i>	<i>Manufacturers and architects</i>	20	40	
		<i>Photo reportage (weddings, events, portraits, etc.)</i>	<i>Private individuals, schools and businesses</i>	10	25	
		<i>Graphic design / home-page design</i>	<i>Manufacturers, architects and schools</i>	8	25	
		<i>End-to-end corporate presence</i>	<i>Manufacturing</i>	1	10	
		<i>Total</i>		39	100	
3.2 Our market in 3 years	What are our planned services and customer groups in 3 years?	Service:	Customer group:	Number of customers:	Share of sales in %:	
		<i>Object photography (machines, buildings, etc.)</i>	<i>Manufacturers, architects and general contractors</i>	20	20	
		<i>Photo reportage (weddings, events, portraits, etc.)</i>	<i>Private individuals Schools, institutions, consultancies</i>	10	15	
		<i>Graphic design / home-page design</i>	<i>Manufacturers, schools, institutions, consultancies</i>	20	30	
		<i>End-to-end corporate presence</i>	<i>Manufacturers, schools, institutions, consultancies</i>	10	35	
		<i>Total</i>		60	100	

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4. Marketing

Key word	Question(s)	Description	Details ¹⁾	
4.1 Reference customers	Who are our reference customers and why are they happy with us?	<p>Name:</p> <ul style="list-style-type: none"> - CZSG Controllor Zentrum St. Gallen, Dr. Lukas Rieder, Tel: +41 (0)71 244 93 33 (Advertising for Controllers' Days, presence) - Blech AG, Mörschwil, Heidi Stein, Tel: +41 (0)71 233 35 46 (Documentation for the new sheet-metal finishing machine, etc.) - IFJ Institut für Jungunternehmen AG, St. Gallen, Sarah Borzelli, Tel: +41 (0)71 242 98 98 (Photography for customer events) - Maschina GmbH, Oberfelden, Herr Dreher, Tel: +41 (0)71 344 66 89 (Photo processing for website and fairs) - Dr. Pius Küng & Partner, Dr. Pius Küng, St. Gallen, Christina Bötschi Tel: +41 (0)71 245 79 11 (Photo reportage, employee portraits and website) - Primarschule Hinterwil, Hinterwil, Frau Wald, Tel: +41 (0)71 133 345 66 89 (photo reportage for classes 1-6) - Raumgestaltung Regula Küng, Frau Küng, Tel: +41 (0)71 245 75 45 (Reportage Rotmonten schoolhouse) 	<p>Reason for being happy with us:</p> <ul style="list-style-type: none"> - Speed of completion of commission / input (new ideas) for the CD - Developed image database (recycling of data) - Unconventional, even extravagant pictures that perfectly matched customer's CD - Delivered pictures as wrapped gift at the end of the event - Advertising competence - Delivery within 72h - One-stop solution - Reduced workload for Dr. Pius Küng and Rosella Toscano - Unique portraits - Website - Fast turnaround - Internet competence 	<p>Share of sales in %:</p> <ul style="list-style-type: none"> 7 6 5 5 10 2 3
4.2 Customer loyalty	What do we do to foster customer loyalty ?	<ul style="list-style-type: none"> - One-stop, end-to-end solutions: photography, graphic design, internet, advertising. - Targeted use of good contacts in order to generate even more sales with current customers by offering them end-to-end solutions. - Average of 2 follow-up visits per year to regular customers with sales exceeding CHF 15,000 with the following content (positive and negative aspects of partnership, new ideas, new projects, etc.) - Image database with photographs and logos that can be accessed via the internet (colour, black/white, various resolutions). 		

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4. Marketing

Key word	Question(s)	Description		Details ¹⁾
4.3 Sales	How to we win new customers and orders ?	<ul style="list-style-type: none"> - Active handling of "contacts" who refer existing customers with inquiries to us (However, no GC risks are assumed). - Securing flat fees for clearly defined orders without exposing ourselves to large risks. - Unique corporate presentation at customer's or our own place of business. - Solution offers demonstrate to our customers how we will complete a complete project professionally. 		
4.4 Advertising	How do we make our company known ?	<ul style="list-style-type: none"> - Hold two attractive customer events, one of which as a social event (cutting down Christmas trees, baking pizzas with world pizza champions, etc.) and the other more business-focused (presentation of customer projects, innovative ideas, etc.) - Company portrait on www.eStarter.ch, along with a guaranteed pool of contacts. - Printed company portrait with all the company's services. - Folder with flat fees (for reportage work, weddings, customer events, etc.) 		
4.5 Partners	Who are our most important sales or other partners ?	Name:	Partnership:	Share of sales in %:
		- Druckerei Schmid, Goldach, Matthias Schmid, Tel: +41 (0)71 456 78 90	- Partner for all printed material and referrer for photography and internet commissions	10
		- Fotogeschäft Christoph Sonderegger, Thal, Mr. Sonderegger Tel: +41 (0)71 432 23 23	- Partner for major projects that Christoph Sonderegger cannot do himself.	5
		- IFJ Institut für Jungunternehmen AG, St. Gallen, Sarah Borzelli, Tel: +41 (0)71 242 98 98	- Refers all kind of work to us from workshop participants	10

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5. Infrastructure and milestones

Key word	Question(s)	Description			Details ¹⁾
5.1 Infrastructure	What infrastructure initiatives have been planned (staff, organisation, location, office, IT, production, storage, etc.)?	<ul style="list-style-type: none"> - 2 positions will be added as the order position allows in order to cover end-to-end projects as best as possible (hiring of an advertising specialist and an all-rounder with expertise in digital photography). - External call centre when all employees are with customers. - Creation of 3 new workplaces for new employees when the company is expanded later. - Start looking for new, cheaper office space where studio shootings can be done when necessary and even customer events can be held. 			
5.2 Suppliers	Who are our most important suppliers ?	Name:	Service / Product:	Share of purchasing volume in %:	
		- Druckerei Schmid, Goldach	- All kinds of printed material (portraits, mailers, periodicals)	10	
		- Barbara Oesch Treuhand, St. Gallen	- Accounting, taxes, controlling	5	
		- Nikon, Zurich	- All kind of photography gear	15	
5.3 Milestones	What are our next milestones ?	Milestones <ul style="list-style-type: none"> - Move to new location - Advertising employee hired and oriented - All-rounder employee hired and oriented 		Who: Kretz Kretz Kretz	When: 31/12/20.. 01/07/20.. 01/04/20..
5.4 Investment	What investments are planned for the immediate future?	Investment: <ul style="list-style-type: none"> - Photography gear, IT - Photography gear, lab, add-ons to computer and software workplace, rooms, car - Photography gear, IT, workplace - Photography gear, IT, workplace Total Except for 20.. (CHF 105,000), all the investments are for additions and replacements.		Costs (CHF) 24,000 104,000 26,000 15,000 169,000	When 02/01/20.. 05/01/20.. 06/01/20.. 06/01/20.. .

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6. Financial plans

Key word	Question(s)	Description							Details ¹⁾
Budget and balance sheet	What will our company's financial position in coming years be? (in CHF 1,000)	PROFIT/LOSS ACCOUNT	2 years ago	Last year	Budget (this year)	Next year 20..	In 2 years 20..	In 3 years 20..	3
		Net sales	-	120	280	360	530	630	
		./. Raw materials and consumables	-	15	40	50	75	90	
		Gross profit	-	105	240	310	455	540	
		./. Staffing costs	-	65	169	203	310	377	
		./. Marketing and distribution costs	-	15	10	20	25	30	
		./. Other operating costs	-	20	30	35	38	40	
		./. Amortisation and depreciation (business)	-	12	19	48	59	54	
		Operating earnings before interest and tax	-	-7	12	4	23	39	
		./. Financial expenditure	-	-	1	3	5	4	
		./. Financial earnings	-	-	-	-	-	-	
		./. Taxes	-	-	-	1	-	6	
		Operating profit	-	-7	11	0	18	29	
		./. Non-operating profit (earnings-expenses)	-	-	-	-	-	-	
		Net profit	-	-7	11	0	18	29	
		Dividends	-	-	-	-	-	-	
		BALANCE SHEET	-	-	-	-	-	-	
		Cash and cash equivalents	-	20	67	33	65	68	
		Receivables	-	18	42	54	80	95	
		Fixed assets	-	54	59	115	82	43	
		Payables	-	16	21	25	32	32	
		Current bank borrowings	-	0	30	30	30	30	
		Loans	-	-	-	-	-	-	
		Mortgages	-	-	-	-	-	-	
		Remaining long-term borrowed capital	-	0	30	60	60	10	
		Equity capital	-	76	87	87	105	134	

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7. Financing

Key word	Question(s)	Description	Details ¹⁾
7.1 Capital requirements	What capital requirements does our financial plan set out?	<p>To realize the investment and allow current assets to grow, our company has additional capital requirements of CHF 90,000. The investments are destined for adding office space, improving equipment, etc.</p> <p>Cash-flow will provide CHF 177,000 in self-financing during the 4 planning years. This will be matched by an investment volume of CHF 169,000. The investment in current assets amounts to CHF 125,000 (growth).</p>	
7.2. Capital procurement	How and with which partners will the capital be obtained?	<p>UBS St. Gallen: operating loan UBS St. Gallen: overdraft facility</p>	
7.3. Financing application	What specific applications have we made to the bank or other financial partners (suppliers, customers, private investors, leasing, factoring, etc.)?	<ol style="list-style-type: none"> 1. Granting of an operating loan during this year (20..) amount to CHF 60,000 2. Operating loan will increase next year (20..) from CHF 30,000 to CHF 90,000. 3. An overdraft facility amounting to CHF 30,000 to ensure liquidity. 	
7.4 Benefit	What benefits can the investor expect from accepting our application?	<ol style="list-style-type: none"> 1. Certain repayment and low risk 2. Additional business from the growth of the company 3. Willingness to transfer the social insurances to UBS 4. Repayment of operating loan within some 3 years 	
7.5 Securities	What securities can / will we offer our financial partner ?	<ol style="list-style-type: none"> 1. Deposit of a specific term-life insurance policy (CHF 200,000) taken out on M. Kretz 	
7.6 Controlling	What programmes will we follow to keep our finances and our liquidity under control ?	<ol style="list-style-type: none"> 1. Monthly check of incoming orders, outgoing invoices, liquidity and receivables 2. Semi-annual discussion with the bank together with the accountant 	

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