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### **Thinking of starting a business**

This document is a collection of exercises that we recommend you complete for the “Thinking of starting a business” pathway.

These exercises will help you determine whether your business idea is viable and provide you with all of the supporting documentation required to discuss your idea with our business advisors and any potential investors.

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## Is starting a business right for you?

### Advantages/Disadvantages

Think about your reasons for wanting to start a business and list the advantages and disadvantages you will need to consider.

Advantages	Disadvantages

## Assess your personal qualities

Spend a few minutes thinking about your personal qualities to determine if you've got what it takes to run a business.

Score yourself from 1-5

	1	2	3	4	5
Confidence					
Good communication skills					
Commitment					
Take initiative					
Ambitious					
Work ethic					
People skills					
Creativity					
Passion					
Determination					
Flexible attitude					
Good listener					
Organised					
Motivated					
Enthusiastic					
Can make decisions					
Open to learning new things					
Leadership					
Positive					
Patient					
Total					

Less than 30: Think carefully before you commit your time and money to starting up.

31-49: You may have some weaker areas that over-shadow your strengths. Be sure you are ready to start a business and set clear goals.

50-74: Your chances of success are good, take a look at developing some of your weaker areas.

75-100: You've got the right qualities to start a business

## Developing your business idea

### Business idea overview

Complete the table below to describe your product or service and give an overview of your business idea.

<b>Describe your product/service</b>
<b>Type of business eg. Retail, beauty or hospitality etc.</b>
<b>What skills do you already have that you can use to put into your business?</b>
<b>Are there any gaps in the market that your business idea will fill?</b>
<b>What makes your product/service different from your competitors?</b>
<b>Why will customers buy from you instead of your competitors?</b>
<b>How do you plan to develop your product/service?</b>

**Do you hold any patents, trademarks or design registration?**

**Describe the features and benefits of your product/service**

Use the table below to list the feature and benefits of your product or service. You can use this when presenting your idea to others.

<b>Features</b>	<b>Benefits</b>



## Elevator pitch

Follow this example and complete the table below to create your elevator pitch.

- My name is David Jones, I've got several years of experience in the hospitality industry and I will be opening David's Deli in Conwy next month.
- I aim to provide a selection of hot and cold food and beverages with the option to eat in or take away.
- My shop will be located on the high street with good access to parking and will cater for all customer's dietary requirements.
- My target audience will be residents, visitors, local businesses, venues and events.
- I will only use fresh, locally sourced organic ingredients. I will be offering a sandwich club loyalty scheme which will enable customers to have a free sandwich with their 10<sup>th</sup> purchase.
- Here's a copy of a sample menu with my contact details. Don't hesitate to call me if you have any further enquiries.

<b>Introduce yourself and your business</b>	
<b>Describe your product or service</b>	
<b>What are the benefits of your product or service?</b>	
<b>Who will you sell your product or service to?</b>	
<b>What is your USP?</b>	
<b>Leave them with an invitation to follow up if they wish</b>	

## Where to find finance and resources for your start up

### Think about the costs of starting your business.

This exercise will help you identify the different costs in your business. Use the 3 tables to identify your fixed costs, your direct or variable costs and your asset costs.

Remember these costs are the bare minimum you will need to cover each month in addition to your personal living expenses.

**Fixed costs or overheads** - These are the costs you have to pay no matter how much or how little you sell. For example, one of the fixed costs for a shop is the rent. This stays the same whether the shop sells one product or thousands.

Fixed cost	Cost per year	Notes
Rent		
Office expenses such as supplies,		
Marketing and sales expenses		
Insurance		
Salaries and wages for all staff		
Utilities and telephone		
Vehicle and travel costs		
Professional fees		

**Direct or variable costs**- These costs change as sales increase. For example, the costs of raw materials, packaging and delivery charges are variable costs as they change depending on the number of units you are producing.

Direct or variable costs	Cost per year	Notes
Raw materials		
Direct labour costs for staff		
Packaging		
delivery charges		
Utilities for a manufacturing base or warehouse		
Depreciation expense		

**Asset costs-** These costs benefit your business for a long time. This includes items such as machinery, equipment and company vehicles. Capital costs are also known as capital assets.

<b>Asset cost</b>	<b>Cost</b>	<b>Notes</b>
Vehicles		
Buildings or land		
Equipment and machinery		

## Preparation for financial support

Look at the checklist below, this is the information that will be required as part of any financial application.

Information required	
Complete a cash flow forecast-check the numbers you mention in your business plan are in your cash flow	
Prepare a personal survival budget to show the amount you will need to take from the business	
Proof of sales or contracts (if applicable)	
How much have you invested into the business so far?	
How much will you be investing in the future?	
How much do you need to borrow?	
Evidence that you can manage your existing debt	

## Identifying your customers

### My customer profile

Complete the table below to help you identify your target market.

You will need to continually reference your customer profiles when making any changes to your product or service and especially when conducting any marketing. This will ensure that you are always meeting your customer's needs.

Who are they?	Where are they?	Where do they buy from?	How often will they buy?	How much are they prepared to pay?	What are their buying motives? (Factors that influence the buying decision: quality, price, convenience)

## Legal considerations when starting a business

### What legal structure do you think best suits your business?

Think about the different legal structure options and which one would best suit your business at this stage.

<b>Intended Legal Structure</b>	
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Now think about your reasons for choosing that structure and the pros and cons in relation to your business idea.

Pros	Cons



## Planning for success

### Business plan checklist

This checklist highlights the key components of a business plan, which you can use to check your progress on the next exercise.

	Complete
<b>1. Executive Summary</b>	
 Overview of Business Plan	
 Key Points	
<b>2. Introduction</b>	
 Business background/idea	
 Business details	
 Legal status	
 Owner/management team details	
 Product/service details	
 Plan for the future and success criteria	
<b>3. Market and Competitors</b>	
 Market overview, size and trends	
 PEST (LE) analysis	
 SWOT analysis	
 Customers/target markets	
 Competitor analysis	
<b>4. Sales and Marketing Strategy</b>	
 Marketing objectives	
 Marketing strategies	
 Target market	
 Pricing strategy	
 Sales forecast	
 Budget and timeline	
<b>5. Operations</b>	
 Location/premises/equipment	
 Production and distribution processes	
 People/staff/suppliers	
 Systems and procedures	
 Health & Safety/quality control/legal compliance	
<b>6. Financial Information</b>	
 Cashflow forecast	
 Sales forecast	

 Set-up and operational costs	
 Sources of finance/funding requirements	
 Profit & Loss statement	
 Balance sheet	
<b>7. Appendices</b>	
 Evidence of market research	
 Letters from potential customers/firm orders	
 References/Previous work	
 Legal documents	
 Price lists	
 CVs for key team members	
 Sample promotional material	

## Business Plan Template

This document is your Business Plan template, complete it when all other activities have been performed to help you document what you are going to do to start and manage your business successfully.

Your business plan defines exactly what you want to achieve and how you plan to do it. It is the roadmap for your business and helps to keep you focused on your goals.

A good business plan sets out:

- Your key objectives for the next two to three years
- The strategies you plan to use to achieve your objectives, and
- Your priorities.

You may want to re-visit your business plan and make changes as your business develops.

**Company Name**

**Business Plan**

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Llywodraeth Cymru  
Welsh Government

**Busnes Cymru** | **Business Wales**

[period the business plan covers]

### 1. Executive Summary

(We suggest you complete this section after you have completed the other sections of the Business Plan.)

### 2. Introduction and Company Overview

(Provide a brief description of what your business is, who is involved, what you want to achieve and how you will measure success. Include a description of your product or service and explain your USP.)

### 3. Market and Competitors

(Provide an overview of the market you are working in, including a competitor analysis, and explain how you plan to compete. Give details about your target markets, your customers' needs and how you match those needs.)

### 4. Sales and Marketing Strategy



(Explain your marketing strategies and how you cut through the competition. Give details of where your customers are and how you plan to reach them. Include your pricing strategy and a detailed sales forecast.)

### **5. Operations**

(Outline your operational capabilities and explain how you plan to conduct your business. Include information about your location, premises and equipment, and your production plans, supplier base and distribution strategies. Also include details of staff, and systems and procedures.)

### **6. Financial Information**

(Provide a month-by-month cash flow forecast for the first year, together with a profit and loss statement for years 2 and 3, and a calculation of how much you need to break-even.)



## 7. Appendices

(Include all documents and evidence to support your plan. This may include market research, letters of intent and any firm orders you may have, references, portfolio of previous work, legal documents, price lists, CVs for key team members and sample promotional material. Make sure you cross reference the appendices to the appropriate section of the business plan.)

