



Info for start-up entrepreneurs

November 2016

The business plan

The business plan is a written concept that provides a structured and detailed description of the various steps involved in planning, launching and running a business.

A carefully drafted and elaborated business plan is of great importance to any success in self-employment. It helps you to assess your idea's prospects of economic success, even in the longer term. Your business plan serves as a guideline at the outset and, later, as a useful controlling tool.

Your business plan is also the basis on which financial institutions and other external sources of funding make their decisions. Cooperation partners, suppliers, potential employees and customers likewise use it for orientation. Accordingly, your business plan can be adapted to each different target group.

Every business plan is different, because every company is as unique as the person or people behind it. These guidelines are intended to help you prepare your own business plan, which should comprise a written presentation and a financial section. It is important to ensure a clear, logical structure and adopt an objective, easy-to-read style. Charts and tables should be incorporated wherever they make sense and add meaningful information. The structure and the topics addressed can be aligned with your personal requirements. The aim should be to produce a business plan of 20 to 30 pages at most.

This document is based on the requirements of Germany's public development banks (LfA, KfW) and the savings bank Stadtparkasse München. The digital version can be downloaded free of charge as a **Word file (written presentation of the business plan)** and an **Excel file (financial section of the business plan)** from: www.gruenden-in-muenchen.de/en/businessplan

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Free of charge information from the Munich Business Startup Office (MEB; an initiative of the Chamber of Industry and Commerce for Munich and Upper Bavaria and the City of Munich's Department of Labor and Economic Development) and Stadtsparkasse München:

Information: Consulting, brochures, videos etc.
MEB offerings: Information event Personal start-up consulting
MEB tutorial videos: Business plan (written presentation) Business plan (financial section)
MEB guidelines: "Starting a business successfully": German English

Other services	Website
Munich Business Startup Office (MEB)	www.gruenden-in-muenchen.de/en
Stadtsparkasse München	www.sskm.de/produkte/firmenkunden/gruendung_nachfolge
Chamber of Industry and Commerce for Munich and Upper Bavaria	www.ihk-muenchen.de
Department of Labor and Economic Development Publication database	www.wirtschaft-muenchen.de/publikationen/publikationen.php
Chamber of Industry and Commerce Academy: Seminars for business start-ups and young companies	https://akademie.muenchen.ihk.de/akademie/inhalte/angebot/-seminare-existenzgruendung.html

Business plan

*for starting...
a cafe, online shop, marketing agency,
training/coaching company, for example*

**Founder/
team**

.....

Address

.....

Phone

.....

E-mail

.....

Business plan – Written presentation

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At a glance

Please note: Although this written summary comes at the beginning, it should not be written until you have finalized the business plan. Are you working in a team to launch the business? Then provide details of everyone on the start-up team. The summary of your business model is the cornerstone of your company presentation. Readers – such as banks, investors and customers – will read and assess it at first. It should be about 1-2 pages long.

First name, last name, date of birth

Start-up project

Target group

Location

Legal form

Company name

Launch date

Please take the following information from the finalized financial planning data:

Overall capital requirements

- Total investment outlay
- Costs (buffer) for the start-up phase

Financing

- Equity
- Borrowings (debt)

Revenue and profitability forecast:
(operating result or pre-tax profit)

- Year 1:
- Year 2:
- Year 3:

The following points are intended as suggestions for a rough outline structure.

1. Business idea (product/service)

- What is your business idea (product, service, innovation)?
- Who is your target group?
- What special benefits can you offer customers?
- What unique selling proposition (USP) sets you apart from other market players?
- Why should customers buy your product/service? What problem does your product/service solve for them?
- What special service(s) do you offer in the pre-sales and post-sales phases?
- At what prices do you sell your product/service?
- What are the costs of production/acquisition?
- What volume do you plan to sell?
- Motivation: What caused you to want to become self-employed and realize your idea? What personal and professional factors back up your decision?
- When will production/service go live (what is the current state of development)?

2. Profile of the founder/team

- What school and vocational/professional qualifications do you have?
- What business administration qualifications do you have?
- Complete CV with proof of qualifications and job references (where these exist)
- What industry experience do you have?
- What personal strengths do you have as an entrepreneur?
- What business administration, professional and personal weaknesses do you have as an entrepreneur? How do you plan to make up for these deficits?
- Do you receive the support of friends, family and/or a partner?
- Have you ever been self-employed before? If so, in what industry?
- What contacts/references do you have?
- What assignment(s) will you handle in the company?

3. Market assessment

- What is the market volume for your product/service? Describe your industry on the basis of statistics, studies, intercompany comparisons etc.
- What developments/trends is your industry experiencing and how will the market in your sales territory develop in the future?
- Customer segmentation: Which customers do you approach (e.g. small or large customers, consumer or business customers, age structure, gender, income, marital status, education/profession, geographical attributes, lifestyle etc.)?
- Are you dependent on a small number of large customers?
- How, when, why and from whom will your future customers purchase your product/service?
- Have you already obtained feedback about your product/service from potential customers?
- Which suppliers will provide you with what products?
- Will you commit to cooperative ventures with other providers?

4. Competition

- Who are your competitors (e.g. a small number of large companies or a large number of small companies, online, local, regional, national, international etc.)? Do you distinguish between direct and indirect competitors?
- Are there other developments heading in your direction?
- What do the products/services of your competitors cost?
- What are your competitors' weaknesses from a customer's perspective?
- What pricing strategies and sales concepts do your competitors adopt?
- What does the competitive situation look like in terms of price wars or territorial protection, for example?
- What are the strengths of your company/how do you differentiate yourself from your competitors (e.g. with value added, services, USPs)?

5. Marketing and sales

- How and by doing what do you respond to the needs of your customers (e.g. acquisition, customer care, complaints management, quality control)?
- What costs do you estimate for your marketing activities at launch and during ongoing operation?
- How do you draw the target group's attention to your product/service?
- What marketing channels will you use (e.g. your own website, social media, advertisements, catalogues, newsletters)?
- To what extent can you make use of existing contact with customers?
- Is your strategy focused more on pricing or more on service?

- Where do you want to sell your product/service (e.g. via retail stores, online shops, nationally, internationally)?
- What sales volumes do you target over which periods?
- Which territories are you targeting?
- What sales partners will you work with?
- What sales channels will you use (e.g. the Internet, stationary retail, cooperation partners)?

6. Company organization and personnel management

- Who is the founder (you alone or a team)?
- What legal form do you plan to give your company?
- Launch date, shareholders/partners, managing director, employees, headquarters, business mission?
- Who is responsible for what (e.g. customer acquisition/care, purchasing, merchandise management, sales, marketing, accounting, payment systems, invoicing, taxation, legal matters, controlling, personnel management/planning)? Do you have an organization chart illustrating this role split (names, qualifications, time allocation)?
- How do you want to design your personnel structure (e.g. number of permanent employees/freelancers/temporary staff, salaries, qualifications, training and development)?
- What legal formalities must you comply with (e.g. licenses, approvals)?
- How do you organize your production/service delivery process (e.g. what work steps are completed when a customer places an order, which goods and services do you purchase from suppliers)?
- What materials, machinery and office equipment do you need?

7. Location

- How important is the choice of location to your company/industry?
- What criteria should the ideal location meet (e.g. in terms of proximity to customers/suppliers, transport links, parking space, rental levels, size and condition of premises, proximity to frequently used facilities, purchasing power, expansion options)?
- How will the location develop in the future?
- Is the location subject to official requirements (e.g. change of use, structural requirements, fire safety, emergency escape routes, parking space, outdoor serving space, opening hours, workplace regulations for business premises)?
- Does the proprietor impose certain conditions (e.g. limited-term tenancy, notice periods)?
- Is the company operated from a rented apartment? Are the relevant criteria satisfied (e.g. local government regulations, conditions imposed by the proprietor etc.)?

8. Opportunities and risks

- What serious financial, personal or product/service-related problems could occur (e.g. lack of customers, emergence of competitors, competitors growing stronger, lack of qualified personnel, company growing too fast, bad debts etc.)?
- What protective and precautionary measures do you plan?
- Who will help you in the event of sickness or an accident?
- How do you rate the probability that these risks will materialize?
- What strategies/actions do you plan to mitigate risks?
- Do you plan to take out personal and company insurance?
- What financing alternatives do you have?
- Do you have an exit scenario?

9. Timeframe and goals

- Within what timeframe do you plan to realize your plans?
- What short, medium and long-term goals have you set for your company (e.g. quality goals, service goals, growth targets)?
- How do you intend to achieve them?
- How might your industry develop (e.g. competitors, demand)?

10. Financial planning

The complete financial planning section can be downloaded from www.gruenden-in-muenchen.de/en/businessplan as an Excel spreadsheet template (see page 10 for an overview).

Appendix

- Sample brochures, leaflets etc.
- Letters of intent/contracts etc.
- Draft rental agreement (if available)
- Draft franchise agreement (if available)

Business plan – Financial section

1. Capital requirements plan

Long, medium and short-term investments
+ Running costs
+ Setup costs
= Total capital requirements

2. Revenue and profitability forecast (for the first three years)

Calculation of the minimum profit needed to cover your cost of living:

Private costs
+ Income tax
= Minimum profit

Calculation of profit (operating result)/profitability forecast:

Revenue
- Operating costs
= Pre-tax profit

3. Liquidity planning (for the first three years)

Cash inflows
- Cash outflows
= Liquidity (solvency)

1. Capital requirements plan

Capital requirements plan	<i>Amount</i>
<p><i>Long-term investments</i></p> <ul style="list-style-type: none"> • <i>Land/building</i> • <i>Construction, renovation/conversion</i> • <i>Machinery/equipment</i> <p><i>etc.</i></p>	
<p><i>Medium and short-term investments</i></p> <ul style="list-style-type: none"> • <i>Initial stocks and material inventory</i> • <i>Cost of acquired inventories</i> 	
<p><u><i>Other capital requirements</i></u></p>	
<p><i>Cost of start-up phase</i></p>	
<p><i>Setup costs</i></p> <ul style="list-style-type: none"> • <i>Launch costs</i> • <i>Registration/approvals</i> • <i>Notary/consulting/legal fees</i> • <i>Rental deposits</i> <p><i>etc.</i></p>	
<p>= <i>Total capital requirements</i></p>	
Financing	<i>Amount</i>
<p><i>Available equity capital</i></p>	
<p><i>Required borrowed capital</i></p>	

2. Revenue and profitability forecast

- How are your orders structured (range of goods/services, order processing time, seasonal fluctuations etc.)?
- How do you calculate sales volumes and prices?
- How long will it take before planned revenue generates sufficient profit to cover your personal cost of living (minimum profit for sole proprietors/partnerships)?

Calculation of the minimum profit needed to cover your cost of living:

(for sole proprietors/partnerships; in the case of stock corporations, this is equivalent to the managing director's salary, such that costs are covered even if profit is zero.)

Housing costs (rent etc.)
+ Social insurance (health/pension/unemployment insurance, retirement savings, other insurance etc.)
+ Other obligations (e.g. private loans)
+ Mobility costs (car, public transport etc.)
+ Cost of living (food, clothing, household goods, education, hobbies etc.)
+ Reserves (vacation, sickness etc.)
+ Other _____
= Total private costs
+ Income tax (www.abgabenrechner.de) _____
= Minimum profit

Minimum profit is intended primarily as an aid to calculation. The crucial factor is that the minimum revenue calculated on this basis should be feasible. Accordingly, profitability forecasts should work on the basis of expected revenue whose realization must be plausibly explained.

Calculation of profit (operating result)/profitability forecast:

Profitability forecast	<i>Year 1</i>	<i>Year 2</i>	<i>Year 3</i>
<i>Revenue (net)</i> <i>- Cost of materials/cost of sales</i>			
= <i>Gross profit I</i> <i>- Personnel expenses</i>			
= <i>Gross profit II</i> <i>- Overhead costs</i> <ul style="list-style-type: none"> • <i>Tenancy costs</i> • <i>Purchased services (e.g. freelancers' fees)</i> • <i>Contributions, fees</i> • <i>Company insurance</i> • <i>Leasing installments</i> • <i>Advertising and travel expenses</i> • <i>Vehicle costs</i> • <i>Repairs, maintenance</i> • <i>General and administrative expenses</i> <i>- Interest on borrowings</i> <i>- Depreciation and amortization</i> <i>- Other costs</i>			
= <i>Pre-tax profit</i> <i>(cf. minimum profit)</i>			

3. Liquidity planning

Liquidity plan	Month 1	Month 2	Month 3	--	Total
1. Cash inflows <i>Revenue (gross)</i> + <i>Other cash inflows</i> = <i>Total liquidity inflow</i>					
2. Cash outflows <ul style="list-style-type: none"> • <i>Investments</i> • <i>Personnel (including social insurance)</i> • <i>Materials/goods</i> • <i>Rent/rental costs (company)</i> • <i>Insurance (company)</i> • <i>Other operating expenses</i> <i>(travel expenses, advertising, accounting etc.)</i> • <i>Input tax/value-added tax (offsetting)</i> • <i>Interest</i> • <i>Loan repayment</i> • <i>Private withdrawals</i> • <i>Income tax and business tax</i> <i>Total liquidity outflow</i>					
3. Liquidity balance (surplus/shortfall) <i>(= total liquidity inflow minus total liquidity outflow)</i>					
4. Liquidity balance (cumulative) <i>(= monthly liquidity balance plus (cumulative) liquidity balance from the previous month)</i>					

This template is intended to provide initial guidance only. It lays no claim to completeness. The information contained herein has been carefully researched and diligently compiled. Nevertheless, the City of Munich does not accept any liability for incorrect or incomplete information. The explanations provided are subject to administrative and/or statutory changes and amendments. We therefore recommend that the reader address any detailed questions or unclear issues to suitably qualified professionals, e.g. tax advisors.