

EFFI SUMMERS CREATIVE

THE SELF EMPLOYMENT SERIES

7. how to write the best business plan in the world ever - part 4

13. start up costs: make a spreadsheet and include all the costs that you incur before starting business. examples may include: web domain, business cards, premises deposit.

	A	B	C	D	E	F	G
1	START UP COSTS						
2							
3	what is it	cost	date purchased				
4							
5	web domain	30	01/01/2019				
6							

14. regular fixed and variable costs: add tabs to your spreadsheet for these costs.

- fixed costs are anything that stays the same each month, for example: rent, paye staff wages, fixed bill direct debits.
- variable costs vary from month to month, for example: casual staff wages, card transaction fees.

start up costs	regular fixed costs	regular variable costs	summary	+

once you have your list of fixed and variable costs, total them up and work out how much expense you have daily, weekly, monthly and yearly.

take your monthly figure and multiply it by 12 for yearly, divide it by 4 for weekly and divide the weekly total by how many working days in your week for daily.

	A	B	C	D	E	F	G
1	SUMMARY						
2							
3							
4	total fixed and variable costs per month=						
5							
6							
7		DAILY	WEEKLY	MONTHLY	YEARLY		
8	based on 5 working days per week	£25	£125	£500	£6,000		
9							
10							

I've just used £500 as monthly costs here to keep it simple

15. average customer spend:

1. estimate how many customers you'd expect on an average day: this will be vastly different for shop owners and freelancers but just estimate based on your business type.

2. how much will each customer spend, on average? this, again, will be an estimate but take a guess, based on the price and range of your products/services.

3. multiply amount of customers per day with their predicted spend to get an 'average daily customer spend'.

16 cash flow forecast: this will help you forecast your income and find out when you are likely to break even and start making a profit.

see spreadsheet below for more details on how to fill it in.



A	B	C	D	E
CASH FLOW FORECAST				
			average monthly customer spend	
months	monthly cost	predicted amount of customers	(amount of customers x the average customer spend)	profit/loss
1	170	1	25	145 loss
2				
3				
4	this can remain the same for the first 12 months, then increase slightly due to inflation	this will vary greatly depending on your business type. for shop owners and similar, your customer number will be much higher than a freelancer who takes on large projects.	this is the amount of predicted customers in the month multiplied by their average spend (from section 15). over the months, the average spend could increase, depending on your business type.	this number will come from the figure in column D minus the figure in column B.
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24				

REMEMBER: once your spreadsheet tells you that you'll start making a profit, you will need to first cover the previous month's losses AND your start up costs before you break even.

to do this, wait until the spreadsheet gives a profit, then add up all the previous month's losses, add it to your start up costs and write this figure down. once your profit has amounted to that figure, you've broken even! any profits after that point will be actual profit.

17. risk assessment:

1. list all the potential risks to your business - consider environmental, economical, social and personal factors.

2. how serious are they? write low risk, medium risk or high risk in your next column

3. how likely is it to happen?

4. how can you minimize the risk?

5. write some possible solutions for if it was to happen

	A	B	C	D	E
1	RISK ASSESSMENT				
2					
3					
4	the risk	severity	how likely it is to happen	ways to minimize the risk	solutions if it was to happen
5					
6	illness	high risk	quite unlikely	stay healthy: eat well, exercise, get enough sleep, meditate	1. have back up savings 2. have a friend or family who could help out 3. consider ways of making passive income
7					
8					
9					
10					

18. SWOT analysis

strengths

weaknesses

opportunities

threats

consider these factors: your skills and experience, the economy, trend predictions, competitors, your market, the current industry state, environmental, the team.

19. future goals:

think of where you'd like to take your business in the future and pencil in some 1 year, 3 year and 5 year goals.

once you're up and running, you can then work out how to break these goals into more manageable steps in the short term.