

Business plan template

A guide to help you prepare a business plan for a business loan application.

Lenders usually ask for a business plan, especially if you are starting a new business or buying a business in an industry that is new to you. A good plan shows the lender your experience, your understanding of the market, how the loan will be repaid, and your commitment to making the business a success.

Work through the sections that apply to you. Keep it clear and honest, and back up your numbers. We recommend asking your accountant to review your financial forecasts before you submit them.

This template is a general guide only. It is not legal, tax or accounting advice, and each lender may ask for different information.

1. Summary

Write this last. Half a page is plenty.

What is the business, and what do you need the funding for?

How much are you borrowing, and how much are you contributing yourself?

Over how many years do you need to repay this loan?

2. About you

Lenders lend to people as much as to businesses.

Your work history, and qualifications and skills relevant to this business (and those of any partners or key staff).

Your experience in this industry, or how your background transfers to it.

Why you want to run this business, and why now.

Your personal financial position: savings, assets and other commitments.

3. The business

What the business does, what it sells and who its customers are.

Location, premises and opening hours.

Ownership and structure (company or partnership). Your lawyer and accountant can advise on this.

Key business milestones achieved so far, if any.

4. Market and competition

Who your target customers are, and how many of them there are in your area.

Your main competitors, and what makes your business different.

Trends in the industry, and how they may affect you.

5. Sales and marketing strategy

How customers will find you (online, referrals, signage, contracts).

Your pricing, and how it compares with competitors.

Your sales targets for the first 12 months.

6. Operations

Staff: who you will employ, their roles and costs.

Suppliers, equipment, vehicles and systems you need.

Licences, permits or registrations required.

7. If you are buying an existing business

Especially important if you are coming from a different background.

Why you are buying this business, and why the price is fair.

Due diligence completed: financial records reviewed, leases, contracts, staff and supplier arrangements. Who helped (accountant, lawyer, business broker)?

Your accountant's view of the business's financial performance.

Training you have completed or will complete.

The handover period: how long the current owner will stay, and what support they will provide.

How you will keep key staff, customers and suppliers through the change of ownership.

Changes or improvements you plan to make.

8. Financials

Attach detailed figures. Your accountant can help you prepare these.

Total funding needed, and exactly how it will be used.

Your own contribution (cash, equity, assets). For unsecured lending, lenders generally expect around 50% of the funding to come from you in cash, as your commitment to the business.

12-month cash-flow forecast, with the assumptions behind it.

Profit and loss forecast for the next 1 to 3 years.

For an existing business: the last 2 to 3 years of financial statements and current management accounts.

9. Risks and plans

The main risks to the business (loss of a key customer, rising costs, illness, a slow start).

What you will do if things go slower than planned.

Any security you can offer for the loan.

Checklist of documents to have ready

- This business plan, signed and dated
- Cash-flow and profit forecasts, ideally reviewed by your accountant
- Financial statements (existing business) or personal financial statements (new business)
- Sale and purchase agreement and due diligence reports (if buying)
- Lease or premises details
- Recent bank statements, and confirmation that tax and GST are up to date
- ID and CV for each owner

Need help with your business loan? Talk to Mortgage Pundit on 0800 PUNDIT (786 348) or visit mortgagepundit.co.nz.