

# Additional Tips for Preparing this Section

The following general tips may help as you progress through this component:

## 1. What the Lender Will Want to Know

It's fair to say that the majority of people putting a business plan together for the first time, will be doing so because they are looking for financial support from a financial institution or a grant provider for their start-up.

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***Important:** Find out exactly what your lender's requirements are for their application in terms of a financial plan. They may ask for details that are not included here, or else, want them presented in a different way. So get clued in up front so that you don't waste your own or their time.*

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Before you begin the Financial Plan section, or put together your application to a lender, here's what you need to know as a minimum. You should already have these figures if you've followed the course up to this point and now it's just a matter of organizing that data:

- *How much you will be charging for each service or product.*
- *How many products or services you believe you will be providing per month.*
- *The production expenses associated with providing each service or product.*
- *The marketing expenses associated with providing your business.*
- *Maintenance or Operations expenses (ie monthly expenses to keep your business open)*
- *Start-up costs.*

## 2. Be Prepared

So what other things will your lender want to know? It's not enough to know your figures in your own mind, you need to PROVE your figures to them. Assumptions and guesswork is all well and good—and at this stage of the project, sometimes that's all you can do—but those assumptions must be based on research, and the guesswork be intelligent.

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***Tip:** So, as you put your plan together, or get in front of the lender for the first time the watch words are "be prepared":*

*- Be prepared to justify the expenses and income figures with a well-reasoned argument backed up by research.*

*- Be prepared to explain any assumptions that you made to help you come to the conclusions you have.*

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*- Be prepared to support your “guess-work” with real research into similar businesses, logical assumptions, and demonstrable knowledge of your industry.*

*- Be prepared to prove the cost of any equipment, machinery, or services you will be purchasing or utilizing in your startup costs, especially if you are asking for loan funds to pay for it.*

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### 3. Cashflow Forecasts x3

Unless you are basing your figures on existing sales/expenses or using figures supplied by a similar business, be aware that for the cash-flow forecast sheets you will need to provide your “best guess” in terms of the income you will be generating. This is expected and understood by financial institutions.

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***Tip:** Whether just preparing the figures for yourself or a lender, it is also advisable to prepare 3 lots of figures for the cash flow forecasts. Best, worst, and midpoint scenarios. Which figures you then choose to submit in your Business Plan will depend on your own gut feel, experience, confidence in the project, and willingness to take on risk—but your lender may wish to see all three.*

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### 4. Expansions

Lastly, if you are applying for funding for an existing business, your ability to borrow will be based on how well your business has performed up until now. You will still need a business plan, but in most cases a greater weight will be placed on previous performance.

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***Tip:** Have ready at least 2 years (preferably 3) of previous balance sheets for your business. You can add it as an appendix or a separate document. Your financial institution may also ask to see your current accounts in more detail, including your tax returns.*

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