Financial feasibility one page plan

COMMUNITY FIRST Credit Union

1. List your main start-up costs

[Enter text – One-off costs to get you set up to launch. Equipment, machinery, office fixtures and fittings, computers, initial stock or inventory, vehicles, rent in advance or deposits, legal fees, consulting or accounting fees.]

2. Outline where your cash is coming from

[Enter text – describe how you will raise the cash you need to cover your start-up costs.]

3. Explain your break-even point in sales or units

[Enter text – calculate what you need to sell to break-even (cover all costs), provide evidence you have the capacity to sell this much and outline the date when the business will 'break-even' and start making a profit.]

4. Outline what you can do to lower your break-even point

[Enter text – as a contingency list what you've thought of to reduce your break-even.]

5. Describe how you will make a profit

[Enter text – explain how your business intends to make a margin and generate profit from trading.]

6. Plan how you will respond if you fail to make a profit after six months of trading

[Enter text – describe your worst-case scenario and the plans you have to be able to continue trading.]

7. Outline your sales forecast

[Enter text – how much do you think you can turnover in the first 12 months? Explain why you're confident you can hit this target.]

8. Other evidence you will succeed

[Enter text – what non-financial factors do you believe will ensure your business is financially viable?]

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This is a powerful tool that dives into the financial aspects of your business venture. This concise and comprehensive plan will give you the financial insights needed to assess the viability of your business idea and pave the way for a profitable future.

Here are some actions for you to take.

1. List your main start-up costs

Your start-up costs are the costs you'll have to pay before you can open for business. These include expenses like your office equipment, business property (rented or owned), vehicles, the inventory you'll sell, tools you'll need to provide services, and furniture for your office space. Other costs include any professional service fees, insurance, registrations, marketing, purchase costs if you're buying a business, and any monthly costs you'll have to pay right away, such as accounting fees, bank fees, vehicle expenses, and interest payments.

2. Outline where your cash is coming from

There are a variety of places your cash could come from to cover your start-up costs, such as:

- Your own savings.
- Business partners.
- Financial lenders.
- Crowdfunding.
- Angel investors.
- Grants and subsidies.

It's a great idea to have a combination of sources, that way if funding in one area disappears you have additional sources to lean on. This also means your bank account is less likely to be stretched thin.

3. Explain your break-even point in sales or units

Your break-even point is the point at which you've sold enough units (or had enough sales) that you're making a profit. Use a break-even calculator to determine how many sales you need to reach that point, and show you have the capacity to make that number of sales.

Your break-even point shows how financially viable your business is and helps you set realistic goals and sales targets. It also enables you to strategically price you're your products or services and determine if you need to control your costs. It can help with risk assessment, financing decisions, and cash flow management, and can enable you to monitor your performance more accurately.

4. Outline what you can do to lower your break-even point

Once you've figured out your break-even, you can identify steps to take to lower it, if necessary. Any of the following will reduce your break-even point:

- Reducing fixed costs and expenses.
- Sourcing cheaper materials or components.
- Increasing your price or charge-out rate.
- Selling premium or higher-margin products.

As you lower your break-even point, your business is likely to become profitable more quickly.

5. Describe how you will make a profit

Show exactly how your business will make a profit. This includes:

- Identifying revenue streams, such as through product sales, service fees, and subscription models.
- Defining your target market and how you plan to attract and retain your customers.
- Explaining your pricing strategy and the rationale behind your pricing. Include how your prices are competitive while ensuring they cover your margins.
- Sharing your sales projections and cost structure.

You could also set out your sales and marketing strategy to show how you will drive revenue.

6. Plan how you will respond if you fail to make a profit after six months of trading

At a certain point, your business must start earning a profit to stay operational. You may have enough savings set aside for a while, but if you're not earning a profit after six months it might be time to reconsider some of your strategies to make your business profitable more quickly.

For example, you could:

- Adjust your marketing strategy.
- Take steps to lower your break-even point.
- Streamline expenses.
- Offer limited-time promotions.
- Leverage technology.
- Negotiate payment terms with customers.

Any of the above steps to cut expenses or increase margins could get you to profitability more quickly. You could also look for ways to increase your finances, such as investing more of your own time or money, finding outside investors, or looking for other forms of financing.

7. Outline your sales forecast

When you're new in business, you can't rely on historical data to create a sales forecast, so you'll need to do some research to write up a reasonable forecast that can be used to make informed decisions. The first step is through market research, which will help you identify industry trends and competitor performance to forecast your sales more accurately.

You'll also need to define your sales cycle and estimate how long it takes buyers to move from recognizing they have a need to deciding to buy from you. After that, you can set sales goals and estimate sales projections. Sales forecasting tools or software can often help analyze data and generate accurate predictions.

Any forecasting for a new business comes with some level of uncertainty. It's a good idea to be conservative with your estimates and consider all the potential risks and challenges that are likely to impact your sales.

8. Other evidence you will succeed

This includes non-financial factors that you believe your business can be successful. For example, you may be starting the business at the beginning of an important trend you can capitalize on, which is likely to make a lot of money. Or you may recognize a huge unfilled need in the market that you can fill with your good or service. You may have a great deal of experience or specialty in the industry. There may be another business doing something like you that is currently successful.

Stating your market differentiation, any brand reputation or trust you already have, and strategic partnerships can also be signs suggesting your business will be successful. Having non-financial success factors is important for a well-rounded and successful business.

Note
This is a guide only and should neither replace competent advice, nor be taken or relied upon as financial or professional advice.
Seek professional advice before making any decision that could affect your business.