Your notes

GCSE Business: revision notes

Business plans

Contents

1. What a business plan is
2. Why businesses plan
3. Limitations
4. Key terms
5. Quick questions
6. What to do next

What a business plan is

- A **business plan** is a document that sets out a business idea and how it will be achieved.
- It usually includes the aims and objectives, a description of the product or service, **market research** findings, marketing plans, operations (location and production), human resources, and finance (costs, expected revenue, a **cash flow forecast**, break-even and sources of finance).

Why businesses plan

- Planning helps the owner think the idea through and spot problems early, reducing **risk**.
- Banks and **investors** usually want to see a plan before lending or investing.
- The plan sets targets that progress can be measured against.

Limitations

- It is based on **forecasts**, which may be wrong. Things change, such as new competitors or a change in the economy. It takes time to write, and owners can be over-optimistic.

Key terms

Business plan	A document setting out a business idea and how it will be achieved.
Forecast	A prediction about the future, such as expected sales.
Cash flow forecast	A prediction of the money that will flow into and out of a business.
Investor	A person who puts money into a business, hoping for a return.

© LycoLearn · lycolearn.co.uk · Free GCSE and KS3 revision

Risk	The chance that something will go wrong.
Market research	Gathering information about customers and competitors.

Quick questions

Cover the answers and test yourself: remembering is what makes it stick.

1. What is a business plan?
2. Why do banks want to see a business plan?
3. Which section of a business plan would include a cash flow forecast?
4. What is a limitation of a business plan?
5. How does planning reduce risk?
6. Which of these is usually included in a business plan?
7. Who might read a business plan?
8. What is a forecast?

Answers

1. A document setting out a business idea and how it will be achieved
2. To judge whether a loan will be repaid
3. Finance
4. It is based on forecasts that may be wrong
5. It helps the owner think through problems before they happen
6. Market research findings
7. Banks and investors
8. A prediction about the future, such as sales

What to do next

Practise 12 questions on this topic

Try 4 exam questions, with mark schemes

Read the lesson, one step at a time

Free revision for GCSE and KS3 at lycolearn.co.uk. Some notes are for one exam board only, and say so in brackets.

Your notes