

LEARNING MADE EASY



2nd Edition

# Getting Started in Business Plans

<sup>for</sup>  
**dummies**<sup>®</sup>  
A Wiley Brand



Get tips and tools to  
create a profitable plan

Budget for expenses and  
predict sales

Turn your business idea  
into a reality

**Veechi Curtis, MBA**

Author of *Small Business For  
Dummies* and *Bookkeeping  
For Dummies*





# Getting Started in Business Plans

2nd Edition

**by Veechi Curtis, MBA**

**for  
dummies®**  
A Wiley Brand

# Getting Started in Business Plans For Dummies®, 2nd Edition

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# Contents at a Glance

<b>Introduction</b> .....	1
<b>CHAPTER 1:</b> Letting Your Plan Take Flight .....	5
<b>CHAPTER 2:</b> Figuring Out What's So Special about You.....	17
<b>CHAPTER 3:</b> Sizing up the Competition .....	25
<b>CHAPTER 4:</b> Separating Yourself from Your Business .....	35
<b>CHAPTER 5:</b> Exploiting Opportunities and Avoiding Threats.....	51
<b>CHAPTER 6:</b> Developing a Smart Marketing Plan .....	61
<b>CHAPTER 7:</b> Budgeting for Start-Up Expenses.....	75
<b>CHAPTER 8:</b> Figuring Out Prices and Predicting Sales .....	87
<b>CHAPTER 9:</b> Calculating Costs and Gross Profit.....	103
<b>CHAPTER 10:</b> Managing Expenses .....	117
<b>CHAPTER 11:</b> Assembling Your First Financial Forecast.....	129
<b>CHAPTER 12:</b> Perfecting the Final Pitch.....	143
<b>CHAPTER 13:</b> Ten Suggestions for a Plan that's Not Shaping Up .....	159
<b>Index</b> .....	167



# Table of Contents

INTRODUCTION .....	1
About This Book .....	2
Foolish Assumptions .....	2
Icons Used in This Book.....	3
Where to Go from Here .....	3
CHAPTER 1: <b>Letting Your Plan Take Flight</b> .....	5
Getting Your Feet Wet.....	6
Choosing your dance partners.....	6
Deciding who this plan is for .....	7
Subscribing to a planning app.....	8
Structuring Your Plan.....	9
Getting Beyond First Base .....	11
Guarding against optimism .....	11
Understanding unconscious bias .....	13
Finding Life Hacks to Help Do the Job.....	14
CHAPTER 2: <b>Figuring Out What's So Special about You</b> .....	17
Understanding Strategic Advantage .....	18
Gaining the edge.....	18
Avoiding the trap of being the cheapest.....	20
Trading risk and gain .....	20
Justifying why you can succeed .....	20
Developing Your Strategic Advantage Statement .....	21
Focusing on where you have the edge.....	22
Honing your difference over time.....	23
Using AI to Generate More Ideas .....	23
CHAPTER 3: <b>Sizing up the Competition</b> .....	25
Understanding Why Competitor Analysis is Important.....	26
Avoiding blind faith.....	26
Spotting potential opportunities.....	26
Assessing Your Competitors .....	27
Organizing competitors into groups .....	27
Homing in on head-to-head competitors .....	28
Thinking about future competitors .....	29
Mirror, mirror on the wall . . . ..	31

Choosing Your Competitive Strategy .....	32
Going for cheapest, different, or niche .....	33
Pulling the pin, if need be .....	34
<b>CHAPTER 4: Separating Yourself from Your Business.....</b>	<b>35</b>
Deciding What Path You Want to Take .....	36
Doing the thing you love to do.....	37
Getting help and delegating what you can.....	38
Building a business that's separate from you .....	39
Creating a new way of doing business.....	41
Wearing Different Hats.....	42
Building a Business with a Life of its Own.....	44
Defining your difference .....	44
Creating systems.....	46
Planning for a graceful exit.....	48
Appreciating the Limitations of Your Business.....	49
<b>CHAPTER 5: Exploiting Opportunities and Avoiding Threats .....</b>	<b>51</b>
Rating Your Capabilities.....	52
Putting yourself through the griller .....	52
Prioritizing where you need to do better.....	54
Identifying Opportunities and Threats .....	54
Doing a SWOT Analysis.....	57
Putting theory into practice .....	57
Translating your SWOT analysis into action .....	58
Creating a Plan for Change .....	60
<b>CHAPTER 6: Developing a Smart Marketing Plan .....</b>	<b>61</b>
Laying Down the Elements of Your Plan .....	62
Selling the Hole (and Not the Drill).....	63
Defining Your Target Market.....	65
Playing with customer persona.....	65
Thinking creatively about channels .....	66
Setting Sales Targets .....	67
Deciding on Your Marketing Strategies .....	68
Brainstorming different strategies .....	68
Choosing a marketing strategy mix.....	69
Developing a marketing budget.....	70
Keeping customers front of mind.....	71
Connecting the Dots .....	72



<b>CHAPTER 7:</b>	<b>Budgeting for Start-Up Expenses.....</b>	<b>75</b>
	Creating a Start-Up Budget .....	76
	Estimating your start-up expenses.....	76
	Including expenses paid for out of personal funds.....	78
	Adding enough to live on .....	79
	Separating Start-Up Expenses .....	79
	Figuring Out How Much is Enough.....	80
	Securing the Funds You Need.....	81
	Getting a bank loan (if you can) .....	82
	Offering up collateral.....	83
	Seeking an outside investor .....	84
	Borrowing from family and friends .....	85
<b>CHAPTER 8:</b>	<b>Figuring Out Prices and Predicting Sales.....</b>	<b>87</b>
	Choosing a Pricing Strategy .....	88
	Setting prices based on costs .....	88
	Setting prices based on competitors.....	88
	Setting prices based on perceived value .....	89
	Building a Hybrid-Pricing Plan .....	90
	Offering a premium product or service .....	90
	Cutting back the frills.....	91
	Getting creative with packages .....	91
	Charging different prices for the same thing .....	92
	Forming Your Final Plan of Attack .....	93
	Building Your Sales Forecast.....	95
	Calculating hours in a working week.....	96
	Increasing sales by hiring staff.....	98
	Predicting sales for a new business.....	98
	Predicting sales for an established business.....	99
	Creating Your Month-by-Month Forecast .....	100
<b>CHAPTER 9:</b>	<b>Calculating Costs and Gross Profit .....</b>	<b>103</b>
	Calculating the Cost of Each Sale .....	104
	Identifying your variable costs .....	104
	Costing your service .....	105
	Costing items that you buy and sell .....	106
	Creating product costings for manufacturers.....	107
	Understanding Gross Profit .....	108
	Calculating gross profit .....	108
	Figuring gross profit margins .....	109
	Looking at margins over time.....	110

Analyzing Margins for Your Own Business .....	111
Calculating margins when you charge by the hour .....	111
Calculating margins when you sell products.....	112
Calculating margins if you do big projects.....	113
Building Your Gross Profit Projection .....	114
Simply you .....	115
Adding little helpers.....	115
Small-scale productions .....	115
More in the mix .....	115
<b>CHAPTER 10: Managing Expenses .....</b>	<b>117</b>
Concentrating on Expenses .....	118
Separating start-up expenses and variable costs from ongoing expenses .....	118
Thinking of what expenses to include.....	119
Fine-tuning Your Worksheet .....	121
Recognizing relationships .....	121
Allowing for irregular payments .....	122
Playing the 10 percent rule.....	122
Securing Business Intelligence .....	123
Locating benchmarks for your business.....	123
Using benchmarks as part of your plan.....	124
Keeping the Wolf from the Door .....	127
<b>CHAPTER 11: Assembling Your First Financial Forecast.....</b>	<b>129</b>
Building Your Profit & Loss Projection.....	130
Step one: Projected sales.....	130
Step two: Variable costs .....	132
Step three: Expenses budget.....	133
Step four: Think about tax .....	135
Step five: Check your sums.....	136
Analyzing Net Profit .....	136
Calculating net profit margins.....	136
Assessing whether your net profit is reasonable, or not.....	137
Thinking ahead further ahead.....	138
Taking Things a Step Further .....	138
Using AI to assess the risk involved .....	139
Looking at cashflow .....	140

CHAPTER 12: **Perfecting the Final Pitch**..... 143

- Exploring Different Formats..... 144
  - Preparing for your *Shark Tank* moment..... 144
  - Keeping things to a single page ..... 145
  - Structuring a full plan..... 145
- Building a Cohesive Narrative..... 147
  - Telling a story that changes minds..... 148
  - Crafting an eloquent summary..... 148
  - Presenting the context..... 150
- Covering All Bases..... 151
- Showing Where the Money's At..... 152
  - Deciding what financial reports to include..... 152
  - Selling scalability..... 153
  - Popping the question..... 154
- Using AI for What It's Good At..... 155

CHAPTER 13: **Ten Suggestions for a Plan that's Not Shaping Up** ..... 159

- Ensure You're Still Legal..... 159
- Find Ways to Take the Pressure Off..... 160
- Experiment with Margins ..... 161
- Return to Competitor Analysis ..... 162
- Involve Your Team..... 163
- Actively Seek Expert Advice..... 163
- Find a Business Partner ..... 164
- Know When to Call it a Day ..... 164
- Try to Sell Your Idea ..... 165
- Take the Lessons with You ..... 166

INDEX..... 167



# Introduction

I grew up in Scotland, where the winters can be wild, wet, and cold. My father was a self-employed landscape gardener and, each year, as the days grew shorter, he would start hatching entrepreneurial plots to see the family through the scant earnings of the winter months. Handmade garden furniture, barrels from the local brewery scrubbed back and filled with violets, gold-leaf mirror restoration and beach-scavenged scallop shells were but a few of the ill-fated ventures that would transform our Victorian flat into a hive of industry for a few fleeting months of each year.

I started my first business at the age of 26 and have been in business ever since, oscillating in a manner not unlike my father's between the more stable income of business consulting and the somewhat precarious existence of writing and publishing.

Yet when working on this book, I realized something quite fundamental. While I've been steadily successful for more than 20 years, all too often the sensible-cardigan-wearing-accountant side of me wins out against the risk-taking-creative-why-don't-we-try-this side of me. Possibly due to the rather feast-and-famine finances of my childhood, I typically spend more time analyzing profit margins than I do thinking of creative new products; I focus more on managing risk than being a trendsetter. If you've been in business before, I'm sure you too have experienced this natural tension between your entrepreneurial side and the inner voice of 'reason'.

One challenge for me in writing this book has been to find ways to encourage dreams to flourish while simultaneously exploring the somewhat sobering process of writing a business plan. I'm writing this introduction having just finished the last chapter of this book and, happily, I think that the process has worked on me. I'm itching with impatience to begin my next business venture, and feel utterly optimistic about its prospects. (I remain my father's daughter, after all.)

I hope you have a similar experience with this book, and that I share enough inspiration for your inner entrepreneur to thrive while at the same time providing unshakeable feet-on-the-ground practicality.

# About This Book

I like to think that this book is a bit different from other business planning books, not least because this book is part of the *For Dummies* series. *Dummies* books aren't about thinking that you're a 'dummy' — far from it. What the *For Dummies* series is all about is balancing heavyweight topics with a lightweight mindset, and sharing a 'can-do' attitude that encourages anyone — no matter how young or old, how inexperienced or how veteran — to give the subject at hand a go.

I like to think that the *Dummies* way of thinking has helped me to bring a fresh approach to the subject of business planning. I've tried not to get bogged down in the same old stodgy discussions of mission statements, values and organizational charts; instead, I've focused more on working with others, being creative and thinking of your business as something that's unique and separate from yourself.

You may be surprised by the fact that I devote five whole chapters to the topic of finance (you'll only find one finance chapter in most business planning books). I'm a real advocate of the importance of financial planning and, in this book, I try to break the topic down into bite-sized chunks that anyone can understand, even if they haven't done any bookkeeping or accounting before.

I also understand that most people who've worked in business end up with knowledge that's patchy. You may know heaps about marketing but nothing about finance, or vice versa. The beauty of *Dummies* books is that you can just leap in, find the chunk of information that addresses your query, and start reading from there.

One more thing. Throughout this book you'll see sidebars — text that sits in a separate box with gray shading. Think of sidebars as the nut topping on your ice-cream: Nice to have, but not essential. Feel free to skip these bits.

## Foolish Assumptions

When writing this book, I make no assumptions about your prior experience. Maybe you've been in business all your life or maybe you've never been in business before. It could be that you're a

tech geek or it's possible that you hate computers. Maybe you love numbers or — much more likely — you may have a somewhat queasy feeling when it comes to math.

I also make no assumptions about the age of your business, and realize that for many people reading this book, your business is still a seedling waiting to be watered. (For this reason, I include practical advice such as how to budget for personal expenses while you're building your business, and why things such as your relationships and family situation are all part of the picture.)

Last, I don't try to guess where you live in the world. After all, the principles of business planning are universal, whether you're in the snowdrifts of Alaska, the stone country of Australia, or the kilt-swaying highlands of Scotland.

## Icons Used in This Book



REMEMBER

Tie a knot in that elephant's trunk, pin an egg timer to your shirt but, whatever you do, don't forget the pointers next to this icon.



TIP

This icon points to ways to give your business plan that extra spark.



TRUE  
STORY

Real-life stories from others who've been there and done that.



WARNING

A pitfall for the unwary. Read these warnings carefully.

## Where to Go from Here

*Getting Started in Business Plans For Dummies*, 2nd edition, is no page-turning thriller (probably a good thing given the subject matter) and doesn't require you to start at the beginning and

follow through to the end. Instead, feel free to jump in and start reading from whatever section is most relevant to you:

New to business and you've never created a business plan before? I suggest you read Chapters 1, 2 and 3 before doing much else. Chapter 1 provides an overview for creating your plan, and Chapters 2 and 3 help you to consolidate your business concept. From here, you're probably best to read the chapters in the order that I present them, because these chapters follow the same sequence as the topics within a business plan.

If business strategy is more your concern, Chapters 2 to 5 and 11 are the places to be.

Are financial projections a source of woe? Chapters 7 to 11 are here to help.

For advice on creating a plan that can't fail to impress prospective lenders or investors, Chapter 12 explains how to pull your plan together. And, finally, Chapter 13 provides advice and encouragement if things aren't looking as good as you'd hoped.



## IN THIS CHAPTER

- » Getting started without another moment's hesitation
- » Deciding what elements to include in your plan
- » Understanding why business planning is harder than it looks
- » Tricking yourself into doing the deed

# Chapter 1

## Letting Your Plan Take Flight

A business plan is as much a way of thinking as it is a document. Some of the most important elements of a business plan can be done while talking with colleagues, walking along the beach, or taking time out over a cup of coffee.

Key to a business planning mindset is a willingness to be objective about strategy, the ability to think of your business as something that's separate from you, and the discipline to analyze your financials (even if you're not naturally good with numbers).

Importantly, a business plan doesn't necessarily require days or weeks of your time. I often recommend to people they approach their plan in bite-sized chunks, whether this be redesigning pricing strategies, spending time researching competitors, or experimenting with different pricing models.

In this chapter, I talk about who a business plan is for, what goes into a plan, and how you might start thinking about your business model. I also explain why it can be hard to be objective and motivated about planning for your business, and share a few insights into how to keep yourself on track.

# Getting Your Feet Wet

In *Getting Started in Business Plans For Dummies*, 2nd edition, I place less emphasis on the importance of creating a written plan and more on why planning is best viewed as a frame of mind. The neat thing about this way of thinking is that you can start with your plan at any time, even if you know you have only one hour free this week and you're flying overseas for a holiday the next.

Planning can even be fun once you get started. Some of my best business ideas have come to me while lying in the hammock on holidays, digging up weeds in the garden, or having a quiet coffee.

## Choosing your dance partners

Unless you've run a business before, creating a business plan almost certainly needs a little help from outside. The good news is that all you have to do is ask. Consider the following sources:



TIP

- » **Business planning courses:** In my opinion, a structured course spread over several weeks or even months is the very best possible way to accumulate basic planning skills. Not only do you have the discipline of working on your plan at least once a week, but you also usually receive expert mentoring from the teacher or teachers, as well as peer support from other people in a similar position to you.
- » **Business advisory centers:** Depending on where you are in the world, business advisory centers have different names and structures. However, most state and federal governments fund some form of free advisory center.
- » **Business consultants:** While I warn against delegating the whole planning process to outsiders, expert consultants can be a great resource, especially if you retain control and ownership of your plan.
- » **Your accountant:** I strongly recommend that you do your own financial projections, rather than delegating this task to a bookkeeper or accountant. (I explain just how in Chapters 7 through to 11.) However, after you have made your best attempt, consider asking your accountant to review your figures, and help you to identify anything that doesn't make sense or seems unrealistic.