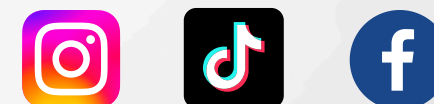




# Why Businesses Plan

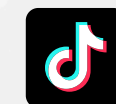


# Why Businesses Plan

The business is more likely to qualify for a loan, if they have a plan.

To gain a greater understanding of the viability of the business

The business will have clear aims and objectives if they plan, this will help with organisation and reduce risk.





# Main sections of a Business Plan

**Finance**

**Marketing**

**Aims &  
Objectives**

# Main sections of a Business Plan

**Product  
Information**

**Staffing  
structure**

**Owner  
information**

UNCOVER

**Advantages of a Business Plan**

THE  
BENEFITS

Reduces risks

UNCOVER

Advantages of a Business Plan

More likely to  
obtain finance

Ensures the  
business has  
clear goals.

THE  
BENEFIT

# Disadvantages of a Business Plan

Plan



It takes  
time and  
effort to  
plan

Missed  
opportunities  
while  
planning

It may not be  
accurate

## Disadvantages of a Business Plan

It doesn't  
guarantee  
success



# Variable costs



# Variable costs

Costs that change according to output e.g. raw materials.

Normally the more products you make the higher the variable costs.

A miniature house with a grey roof and white walls, featuring a red door and yellow windows. A white sign with a red border and the words 'FOR RENT' in bold black letters is attached to a white post in front of the house. The background is a blurred wooden surface.

**FOR  
RENT**

## Fixed costs

A cost that doesn't change according to output.

Fixed costs stay the same no matter how many products you make. e.g Rent



# Total Costs



# Total Costs

These are all the costs outflowing from the business.

Total costs are calculated by  
 $\text{Fixed costs} + \text{Total variable costs} = \text{Total costs}.$

A hand with light-colored nail polish holds a fan of US dollar bills, including several \$100 bills and one \$20 bill. The bills are fanned out, showing their details. In the background, a person's face is blurred, looking towards the camera. The overall scene is brightly lit, suggesting an indoor setting.

# Revenue

A person is holding a large fan of US dollar bills, including \$100, \$50, and \$20 bills. The person's face is blurred in the background. The text is overlaid on the image in black rounded rectangles.

# Revenue

All the finance inflowing into the company.  
This is normally from selling goods and services but there maybe other means of income.

A close-up photograph of a person's hands holding a fan of US dollar bills. The bills are fanned out, showing various denominations including one, ten, and twenty-dollar bills. The person's hands are visible, with a ring on the left hand and a watch on the right wrist. A black rounded rectangle with the word "Profit" in white text is overlaid on the center of the image.

**Profit**



# Profit

All the finance left, after all the costs have been deducted from the revenue. If costs are higher than revenue a loss will be incurred.  
Revenue - total costs = Profit or loss