

Luminex Sample Business Plan.

The following business plan is based on a fictitious company called Luminex Ltd. The promoters of the business are fortunate in having developed an innovative product which appears to meet a current market need for improvements in Health and Safety in the workplace. They are also fortunate in having £25,000 between them as a result of a redundancy package from their current employment.

Fred Allbright, the inventor of the product left his employment in 1995 to work as an Electronic Engineering Consultant. In the course of his work he began to experiment with the idea of an automated light regulation device and eventually developed the concept for Light Guard. He funded the initial research and development largely through his consultancy work, but the project eventually reached a stage which required him to work at it on a more or less full-time basis. He purchased equipment at a bargain rate from his former employer and received free technical assistance in developing the product from the Electronics Department of his local College of Technology. Nine months later, he was down to his last £5,000 and was contemplating abandoning the project when he met with Mr. Max Smartt, an old business acquaintance. Mr. Smartt worked with Mr. Dizley at Scrimpp Engineering Ltd., and they had recently been offered a voluntary redundancy package. Each has £10,000 to invest in the business.

After extensive discussion the three promoters decided to pool their resources and to establish Luminex as a Limited Company. A value of £20,000 was agreed on Fred Allbright's work to date and this was to be repaid by allocating £5,000 in Ordinary Shares with the remainder to be treated as a Directors Loan to be repaid in years 2 and 3 at 15% interest. Mr. Allbright invested another £5,000 cash in the business as Ordinary Shares.

Each promoter now holds 10,000 Ordinary Shares at £1 each. All will be equal partners, but salaries and commissions may be negotiated separately.

With an investment of £25,000 and with letters of intent secured by Mr. Dizley from prospective customers, the promoters successfully negotiated an Equipment Lease of £30,000, a Term Loan of £15,000 over three years and an overdraft facility of £5,000.

If you are thinking of starting a business you need to have a certain amount of investment capital yourself. You can accumulate this by regular savings, or you may earn it by engaging in some form of enterprise in your spare time. Most successful entrepreneurs have an opportunistic nature, and many began their businesses with income earned in their spare time. (e.g. Selling tee-shirts at rock concerts; Mail-order records; etc.).

If you have an initial investment you can increase your funds in the following ways:

1. Credit Union Membership.
2. Bank / Building Society borrowing.
3. Grants from Government Agencies / Local Authorities (for qualifying businesses).
4. Tax relief through the Seed Capital Scheme. (for qualifying businesses).
5. Find suitable business partners with own funds (as in this example).