

## TOPIC 2

# BUSINESS PLANNING



### DEFINITION

Written description of a business's future with a clear plan on what to do and how to do it.

## PURPOSE OF A BUSINESS PLAN

- Map the future
- Support growth of the business and secure funding
- Develop while communicating a course of action
- Help create a financial plan
- Helps managing the business
- Helps in making critical decisions
- Minimizes risks
- Helps set better objectives and benchmarks
- Prove viability of the business
- Provide a guide for service providers

## COMPONENTS OF A BUSINESS PLAN

Business plans include details under the following main sections;

- Executive summary
- Business description
- Marketing plan
- Competitor analysis
- Management plan
- Business operation (production/ service, delivery plan)
- Financial plan
- Appendices



## Executive Summary

### The Executive summary should include:

- Type of venture
- Products/ service to be offered
- How unique your business is
- The business status/ stage
- Legal form of business
- Location of business
- Target market
- Competitor strength and weakness
- Strategy of entering the market
- Managing staff and their qualifications and experiences
- Time frame for accomplishing your goals.
- How much money needed for starting and running the business
- What type of financing you are seeking
- The strength of the business that will make it succeed
- Future plans of the business

## Business Description

### For a new startup business the description will include:

- Objectives, vision, mission statement and goals
- Specific objectives (SMART)
- Service objective (quality of service)
- Profit objective ( actual % and amount targeted)
- Growth objective
- Social objectives ( corporate responsibility)
- Type/form of business venture
- Date of commencement
- Physical location
- Advantages of the location
- Postal address, physical address/ street/buildings/ road
- Telephone contact/ email/ fax/website/social media pages
- Brief history of the business (company)
- Experiences of the owners



## Marketing Plan

The Marketing plan should include:

- Description of the target market (customer segment)
- Description of products/ services
- Prices of products/ services
- Distribution of products /services
- Promotion of productions/ services

## Management and Organization

A business plan should include the organization structure. This is:

key management staff

- Their positions/ designations and responsibilities
- Qualification and experience

Other staff

- Their positions/ designation and responsibilities
- Qualification and experience

## Financial Plan

The financial plan should include:

- Pre-operational costs (costs before start-up)
- Working capital
- Projected monthly cash flow statement
- Projected annual cash flow statement
- Projected proforma income statement
- Projected balance sheet

## Competitor Analysis

The competitor analysis should include:

- Internal analysis both strength and weakness
- External analysis (opportunities and threats)
- Environmental analysis ( political, social, economic, regulatory factors that can impact on your business)

## Business Operations

The business plan should include the below items about the business.

- Product/service development design and facilities.
- Description of premises
- Ownership status
- Products and services to be offered
- Machinery, tools, equipment and other facilities required
- Legal requirements: business name, tax compliance, labour laws, by-laws e.t.c
- Monthly overhead expenses
- Professional and support services