

Subject Area: Management of Business
Level: CAPE
Curriculum Topic: Business Plan
Unit 2 Module 3 Objective 6

Key Teaching Points:

(1) Preparation of a Business Plan for a Small Business

- a) Definition of a Business Plan**
- b) Executive Summary**
- c) Business Description**
- d) Business Environment Analysis**
- e) Industry Background**
- f) Competitor Analysis**
- g) Market Analysis**
- h) Marketing Plan**
- i) Operations Plan**
- j) Managerial Summary**
- k) Financial Plan**

Lesson 1

Let us look at what is a Business Plan and the requirements for each section.

1. Definition of a Business Plan

A business plan is a written, formal account of the intended goals of a business and how those goals will be achieved. It is a requirement of financial institutions when businesses are sourcing funds.

2. Executive Summary

This is the first section of the Business Plan and allows the reader to get an overview of the entire plan with the expectation that further details will follow.

3. Business Description

This section outlines

- a. the name, address and contact information of owner
- b. the name of the business
- c. the type of business (sole-trader, partnership, limited-liability company)
- d. location
- e. type of industry
- f. whether it is a new or established business
- g. fulfilment of legal requirements (Memorandum of Association, Articles of Association, registration with relevant Ministries etc.)
- h. plans for commencement of business with timelines.
- i. the means by which business will be conducted (online, retail outlet, call orders etc.)

4. Business Environment Analysis

- a. Target market - the customers that the business plans to attract
- b. Customer needs – the specifications that a customer is hoping for in a product
- c. Location – the best place to situate the business you want to establish

5. Industry background

- a. Gives an indication of how similar firms have been performing
- b. Makes a case for why this business is necessary based on research data on the industry
- c. Reflects on changes in the environment and how this business can be positioned

6. Competitor Analysis

- a. Looks at the number of producers of similar products
- b. Analyses the market share captured by competitors and the potential available to this business
- c. Makes a case for why this business is necessary or will be profitable

7. Market Analysis

- a. Customer needs – clearly identifies who the customers will be and what are their expectations
- b. Where they are – shows the geographic area and demographics that will be targeted

- c. How to reach them – marketing media

8. Marketing Plan

- a. Pricing strategy – how the price to the consumer will be arrived at
- b. Promotion strategy – how the product will be marketed to maximize profits
- c. Distribution strategy – how the product will reach the customer

9. Operations Plan

- a. Cost of production – identifying all the costs involved in production
- b. Machinery – clearly outlining the machines, equipment necessary for production

10. Managerial Summary

- a. Management personnel – Formulating an organisational chart that shows how the business will be managed
- b. Staffing – Formulating an organisational chart that shows all employees necessary to operate the business, reporting relationships, span of control, chain of command.

11. Financial Plan

- a. Profit and loss cash flows – forecast statement of comprehensive income (trading and profit and loss accounts), forecast statement of financial position (balance sheet), forecast cash flow statement
- b. Break-even analysis – minimum amount of money that can be made to keep business afloat
- c. Source of funds – sources of capital funds
- d. Business ratios – liquidity and profitability ratios
- e. Assumptions – any assumptions being made about finances. For example, a loss is anticipated in first year of operations but profits will be realised from second year.

Activity 1

1. Utilise the information provided in Lesson 1 and prepare a Business Plan using the template provided on pages 4-12 for a business you wish to own when you are twenty years old.

CPDD MOE 2020
BUSINESS PLAN FOR A SMALL BUSINESS

A. Executive Summary

1. Brief description of product

.....

.....

2. Identify Target Market

.....

.....

3. Identify key personnel and responsibilities in the business

.....

.....

.....

.....

4. First year projections (*taken from financial plan*)

Projected worth of business

Anticipated expenses

Expected Profit per year

B. Introduction

1. Name of Business: Contact Number:

Name of Applicant:

2. Is this a new or existing business?

☐

New

☐

Existing

Date business established:

3. Type of Operation:

☐

Manufacturing

☐

Service

☐

Construction

☐

Other (specify)

4. Mailing Address:

5. Telephone Numbers: Home: Cell:

Fax: E-mail:

6. Proposed location of business:

.....

7. Legal Form of Business:

☐
☐

Sole Proprietorship
Partnership

C. Business Environment

1. Mission

2. Vision.....

3. Goals and Objectives.....
.....
.....

4. Target Market
.....
.....

5. Customer Needs

6. Location

D. Industry Background

.....
.....
.....

E. Competitor Analysis

.....
.....
.....

F. Market Analysis

.....
.....
.....

G. Marketing Plan

1. Target customers

.....

.....

2. Pricing strategy

.....

.....

3. Distribution strategy

.....

.....

4. Promotions strategy

.....

.....

.....

.....

H. Operations Plan

1. Hours/days of operation

.....

.....

2. List of equipment

.....

.....

.....

3. Cost of production

.....

.....

.....

4. Major processes involved

.....

.....

.....

5. Government regulations

.....

.....

6. Quality control

.....

.....

I. Managerial Summary

1. Organizational chart (*insert a chart dependent on your form of business*)

2. Names of Owners/Key Staff:

Name	Position	Responsibility	Salary/Benefits

3. Recruitment strategy

.....

.....

.....

J. Financial

1.	Name	Phone Number:
(a) Banker		

2. List the estimated dates for the acquisition of equipment, inventory, staff, financing, and other items needed before you can commence your project.

Item	Value	Estimated date of acquisition

3. Source of funding and use

Source	Value	Usage
Personal Savings		
Loan		

4. Projected Income

	\$	\$
Sales		X
Less Expenses		
Wages	X	
Utilities	X	
Rent	X	
Total Expenses		X
Profit		X

Projected Expenses Projected Profit.....

5. Projected Assets and Liabilities (end of first year)

Assets		Capital and Liabilities	
Cash	X	Loan	X
Bank	X	Net Profit	X
Stock	X	Capital	X
Vehicles	X		
TOTAL	X	TOTAL	X

Projected worth of business

Appendices (*include the following if available – copy of brochure, flyer, advertisement, business card*)