

# BUSINESS PLAN

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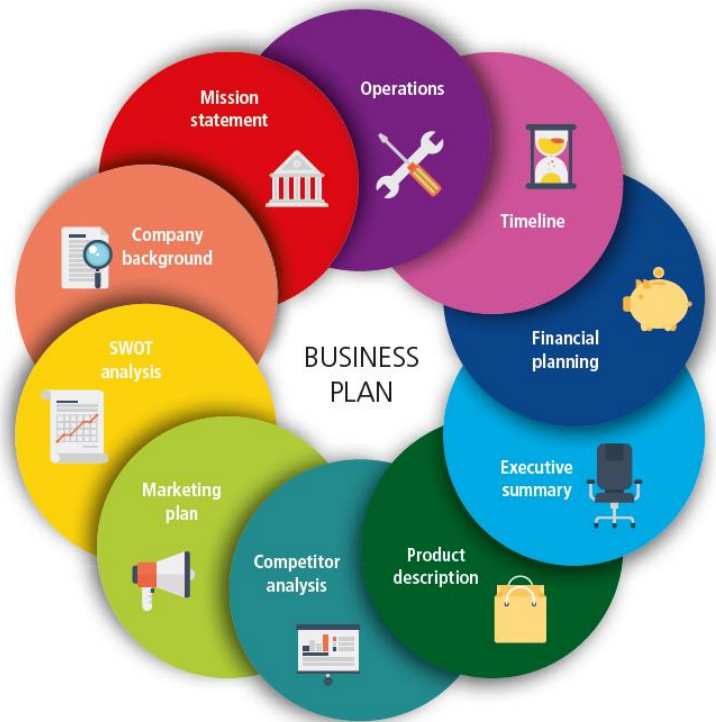
PAPER

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TOPIC

## Explain the importance of a business plan.

- A business plan helps entrepreneurs to set goals and objectives.
- It can be used to attract investors and prospective employees
- It improves processes and practices of the business operations.
- It evaluates the success of the business



## Explain the challenges of the macro environment on a business using PESTLE analysis.

- Entrepreneurs should look at the factors that could have a negative impact on their businesses.
- Businesses do not have control over the elements/features of the macro environment.
- Businesses can use a PESTLE analysis to scan the external macro environment.
- A PESTLE analysis enables a business to identify challenges that are posed by these external factors.

## Name/State the components of a business plan. (Any 4)

- cover page
- contents page/index
- executive summary
- description of the business/overview
- SWOT analysis
- legal requirements of business
- marketing plan
- operational plan
- financial plan
- management plan
- competitor analysis.

### **Explain the purpose of the executive summary.**

- The executive summary gives a reader an overview of the entire document.
- Most lenders and investors read it first before they read the entire business plan.
- It gives readers an idea of what is contained in the business plan.

### **Name/State aspects that must be included in the executive summary.**

- The following aspects that must be included in the executive summary:
  - the form of business enterprise
  - the main business activity
  - information about the owner of the businesses
  - how capital will be obtained.

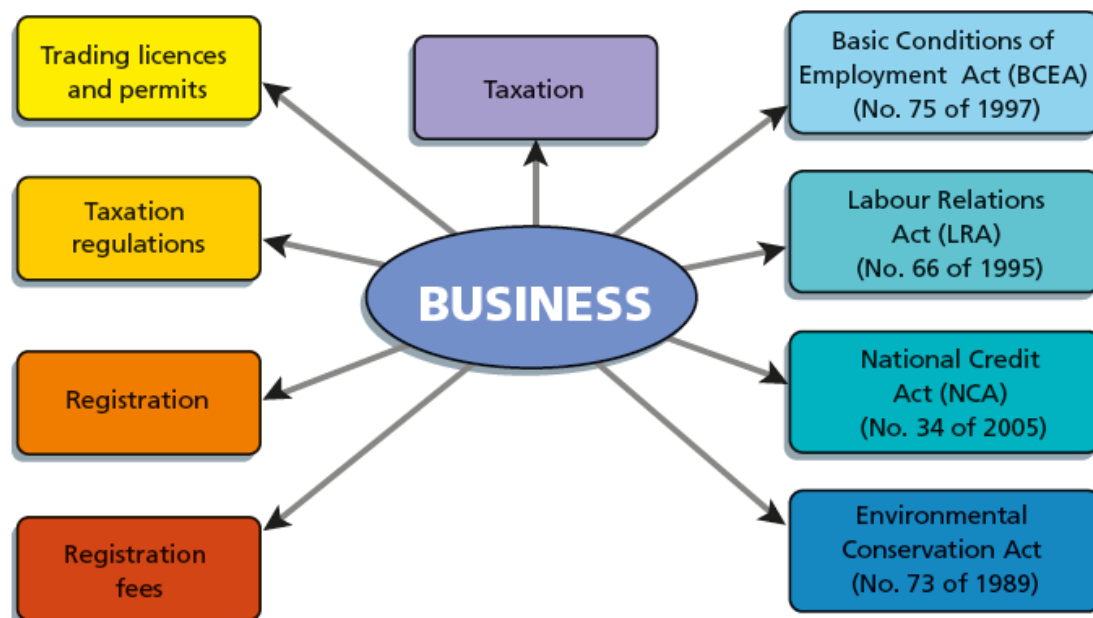
*Formulate the vision/mission statements and objectives of the envisaged business.*

### **Explain the relationship between the structure of the business and forms of ownership.**

- The business structure should have a description of the following aspects:
  - how many people the business intends to employ
  - management and staff, for example, their qualifications, experience, job description, and remuneration
  - administration and record-keeping
  - staff policies regarding working hours, fringe benefits, overtime, sick leave, and medical aid.
- The structure of the business should include the type of ownership such as sole trader/partnership/close corporation/private company/public company.
- The form of ownership will determine the following:
  - the reason for the form of ownership
  - legal requirements of the business
  - products and services offered
  - the size of the business

## Name/State different types of legal requirements of a business.

- A business needs to be registered before it can obtain finance or start doing transactions.
- A business needs to comply with the following types of legal requirements:
  - trading licenses and permits to operate legally
  - taxation regulations
  - international trading/exporting and importing requirements/exchange rates
  - registration
  - registration fees
  - the Basic Conditions of Employment Act (BCEA) (No. 75 of 1997)
  - the Labour Relations Act (LRA) (No. 66 of 1995)
  - the National Credit Act (NCA) (No. 34 of 2005)
  - the Environmental Conservation Act (No. 73 of 1989)
  - patents and copyrights.



*Compile a SWOT analysis for the envisaged business.*

## Outline/Explain/Describe/Discuss the importance of a marketing plan and market research.

- A marketing plan helps businesses to promote products and services.
- It is a process to understand more about what the business's customers' need.
- The target market refers to the people who are likely to buy the product or service offered by the business.
- The business must conduct market research to know about the following factors of the target market: age group, gender, personality, income, and education.

## Explain the meaning of a marketing mix with specific reference to the 7p's.

### Product/Service

- It is a description of the product, appearance, and usage that is available to customers.
- It can be a picture, drawing, or photograph of what the product looks like.

### Price

- The price of a product refers to the amount of money that must be paid by the consumer to obtain the product.
- The proposed business must include its pricing policy in its business plan.

### Place

- This refers to the location where goods and services will be sold/the place where consumers can access the goods or services.
- The business can sell the product directly to customers itself or can market the product through other businesses.

### Promotion

- A promotion should communicate the benefits of the product to customers.
- It refers to how the business is going to make its target market aware of its product or service

### People

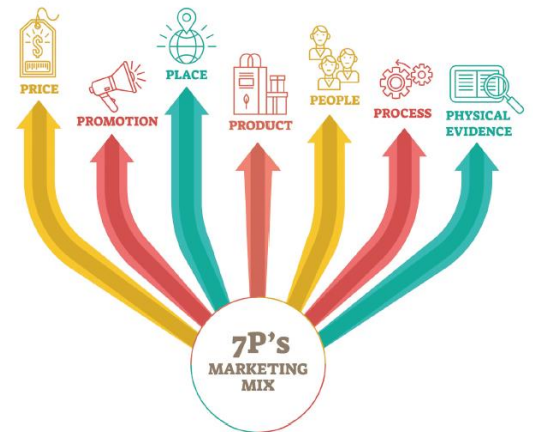
- This refers to employees, management, directors, and shareholders./All people involved in selling the products.
- The business plan must include detailed information of people that will be involved in the proposed business.

### Process

- Refers to processes that are designed and implemented to ensure a pleasant shopping experience.
- Describes how the marketing and sales processes are carried out

### Physical environment

- Refers to the environment where goods and services are sold/service rendered.
- It includes the appearance of the building and the uniforms of employees.



*Identify the 7p's from given case studies/scenarios/statements/cartoon.*

## Identify competitors from doing market research and explain the strategies that you will use to overcome competition in the market.

- The business should use the following strategies to overcome competition in the market:
  - sell quality products and services
  - offer after-sales services
  - charge reasonable prices
  - conduct intensive marketing campaigns
  - make use of creative advertising slogans
  - make unique products
  - provide attractive product displays.

## Formulate a financial plan for the envisaged business (including projected income statement and balance sheet)

### Budget

- A budget is an estimation of revenue and expenses over a specified future period.
- It helps the owner to control his/her spending of money by comparing the actual income and expenditure.

### Cash flow statements over three years

- Cash flows are the net amount of cash and cash equivalents being transferred into and out of a business's accounts.
- It helps the owner to identify operational difficulties the business might experience, and any need for more finance.

### Income statement

- A monthly account of sales and expenses.
- It shows actual profits and/or losses.

### Break-even point

- A point at which profits are equal to expenses./A business does not show profit nor loss.
- It shows how much the business sold to cover all expenses before making a profit.

### Balance sheet

- The balance sheet includes assets on one side and liabilities on the other.
- Assets include land, buildings, equipment, vehicles, and money in the business's bank account.
- Liabilities are monies owed to other people or businesses such as bank loans, buying on credit, bank overdrafts, and so on.