

Systems approach is based on the generalization that everything is inter-related and interdependent. A system is composed of related and dependent element which when in interaction, forms a unitary whole. A system is simply an assemblage or combination of things or parts forming a complex whole.

One its most important characteristic is that it is composed of hierarchy of sub-systems. That is the parts forming the major system and so on. For example, the world can be considered-to be a system in which various national economies are sub-systems.

BUSINESS PLAN PROCESS

Idea generation



Environmental scanning



Feasibility analysis



Project report preparation



Evaluation, control and review

BUSINESS PLANNING PROCESS

❖ **Idea generation** : is the first step in the business planning process. This step differentiates entrepreneur from usual business. An entrepreneur may come up with new business idea or may bring in value addition to existing product in the market. Sources of new idea for entrepreneurs are :

- Consumers/ customers
- Existing companies
- Research and development
- Employees
- Dealers, retailers

❖ **Environmental scanning** : once the entrepreneur is through the idea generation stage, next entrepreneur is required to conduct environmental scanning which includes analyzing external and internal environment that affects business idea.

1. External environment comprises of :

❑ **Socio cultural appraisal**

❑ **Technological appraisal**

❑ **Economic appraisal**

❑ **Demographic appraisal**

☐ **Economic appraisal**

☐ **Demographic appraisal**

☐ **Government appraisal**

2. Internal environment :

- **Raw material**
- **Production/ operation**
- **Finance**
- **Market**
- **Human resource**

- ❖ **Feasibility analysis** : refers to conducting detailed analysis in relation to every aspect relevant to business and determining credibility of business.
- **Market analysis** : is conducted to estimate the demand and market share for proposed product and service in future.
- **Technical and operational analysis** : is to assess operational ability of proposed business enterprise.

- **Marketing plan** : lays down the strategies of marketing which can lead to success of business plan. Strategies are in terms of marketing mix which includes (product, price, place, promotion)
- **Production plan / operational plan** :
It comprises of strategies on parameters such as location layout, cost, availability of material, human resource etc.
- **Organizational plan** : defines type of ownership pattern in company, sole trading concern, family business, private or public limited company etc.
- **Financial plan** : financial plan indicates the requirement of proposed business enterprise. Which includes fund flow, cash flow statement, break even point, projected ratio, projected balance sheet.

- ❖ **Project report preparation** : project report is a written document that describes step by step strategies involved in starting and running business.
- ❖ **Evaluation , control and review** : as company operates in dynamic environment company has to monitor and review strategies and policies to stay in line with competition existing in market.