



**NATIONAL OPEN UNIVERSITY OF NIGERIA**

**SCHOOL OF BUSINESS AND HUMAN RESOURCE  
MANAGEMENT**

**COURSE CODE: ENT 206**

**COURSE TITLE: PRINCIPLES AND PRACTICE OF BUSINESS PLAN**

## **ENT206 : PRINCIPLES AND PRACTICE OF BUSINESS PLAN**

### **COURSE GUIDE**

#### **Course Develope**

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<b>TABLE OF CONTENTS</b>	<b>PAGE</b>
Introduction.....	1
What you will learn in this Course.....	1
Course Contents.....	2
Course Aims.....	2
Course Objectives.....	3
Course Materials.....	3
Study Units .....	3
Assignment.....	4
Tutor Marked Assignments (TMAs) .....	4
Final Written Examination.....	5
Conclusion.....	5

**School:** School of Business and Human Resource Management

**Program:** B.Sc. Economics

**Course Title:** Principle and Practice of Business Plan

**Course Code:** ENT 206

**The Course** 2 credit load

## **INTRODUCTION**

The course 'Principles and Practice of Business Plan-ENT206' is designed to expose young economists to the idea of planning in investment analysis. The book tries to expose the learners(you) to the relevance of preparing a document call the business plan; to aid you from the extreme effects of lack of planning. You are also made to understand that it is not only you the owner of the business that will enjoy the benefits of your business planning, but that the survival of your business will make other citizens who are employed by you; better-off. It is also clear that jumping into a business without a plan, is like making a journey to a destination you don't know, neither do you know the direction. And such, when you are prepared or armed with a written business plan, your success is assured. Note that the continuity and progress of your investment implies a continuous survival for other employees of your company, from management to the messenger and securities.

## **What you will learn in this course**

The Course ENT:206 is made up of four modules and fifteen units. They include planning as part of the business operation, definition, scope and value of the business plan as well as the planning stages. The module two covers the preparation, writing, presentation and evaluation of the business plan. A careful analysis of this part leads you to the heart of the business and must take it serious. The next module is specifically on ' Information Needs' such as on Operations

information, Marketing and Advertising Information. The last part which forms our fourth module, covers the areas of assessment and it is extended to 'how you can help to bring a dead product back to live.

The Course Guide on ENT:206 is meant to provide you with the necessary information about the course, the nature of business plans, the materials you will be expected to study to enable you succeed both in your examinations as well as in your business life. Included in the course guide also is some information on how to make use of your time and how to tackle the tutor-marked assignment (TMA) questions. Again, there will be tutorial sessions during which your instructional facilitator will take you through your difficult areas and at the same time, you will have a meaningful interaction with your course mates which will make you learn better.

To be satisfied after your completion of this course, you have to read all the units under the various modules. This is because you cannot grasp the different ideas presented in the course without a serious study. Often times, students do not read all the units. And so, they find themselves contemplating of what to write in examinations because they did not read their work or prepare well. Armed with this material, you are for this reason, you will do better both in your studies as well as in your business life in the future.

## **Course Contents**

The course is all about business plans and the material is selected in such a way that you the learner will be better prepared for a future business life. You will therefore, find the course material good enough for that, as it involves preparing, writing and presenting the business plan to an audience. Not only that, its information needs as an important tool has been discussed in this work for the purpose of equipping you with the necessary tool to make you authorities in investment business. An appraisal, update, and evaluation are also done for you to get the relevant methods of making the best in your investment projects or companies.

Since the course involves the use of money as capital, any mistake or wrong investment decisions or unplanned business, will result in a serious business debacle. Thus the program of National Open University (NOUN) is designed to help the students to face the growing economic challenges in the world today. No economy can survive without a private sector which the business organizations form its basis. You can imagine the financial crisis and economic melt down in the world today. It is either the product of poor planning or lack of planning. Therefore, You need to benefit from this course material not only for examination purposes, but for life time purpose.

### **Course Aims**

The main aim of the course is to expose you to the nature of plans and business plans.

The aims of the course is to:

- Give a detailed definition of a business plan;
- Plan to invest wisely;
- Prepare, write and present a business plan;
- Explain the methods of information collection for effective business planning;
- Describe the necessary plan strategies for the right and important funds providers;
- Produce goods and services for the society
- Provide employment to yourself and to others;
- Contribute to the growth of Nigerian economy;
- Help advise others to plan to invest their resource wisely in good business plans.

### **Course Objectives**

The objectives of this course ENT:206 are that, once you have successfully completed the course, it is expected that you should be able to do the followings:

- define a business plan;

- Prepare a business plan,
- write a business plan;
- Identify and present a business plan;
- Explain information needs eg operation, marketing and advertising;
- Describe the necessary plan strategies for lenders and investors;
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- Analyze how to revive a dead product or service back to life;
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- Advise others to plan to invest their resource based on good business plans.

## **Course Materials**

Major components of the course are:

1. Course Guide
2. Study Units
3. Textbooks
4. Assignment Guide

## **Study Units**

There are fifteen units in this course, which should be studied carefully. Such units are as follows:

### **MODULE 1**

Unit 1: Planning as part of the business operation

Unit 2: Definition of business plan

Unit 3: Scope and value of the business plan.

Unit 4: Planning stages



## **MODULE 2**

Unit 1: Preparation of the business plan

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Unit 3: Presenting the plan

## **MODULE 3**

Unit 1: Evaluation of plan by potential leaders and investors

Unit 2: Information needs: Operation plan information

Unit3: Information needs: Marketing information

Unit 4: Information needs: Advertising information

## **MODULE 4**

Unit1: Measuring business plan progress

Unit 2: Updating the business plan

Unit 3: Causes of failure of some business plans

Unit 4: Bringing a dead product or service back to life

The first unit represents the general background of the subject matter of the course ENT:206, which is all about the fact that if you don't plan, you plan to fail. The second unit, the third and the fourth are talking about the document called the Business Plan. What makes that document called the business plan? Its purpose and scope? The units (5,6&7) are devoted to the process of preparing, writing and presenting the business plan. The process is very technical, but is necessary for business men and women to undergo this preparation and writing as well as presentation of the business plan. The unit eight

assesses the level of preparedness of the business owners to sustain business plans, so that a miscalculation will not be made in the process. The next three units (9,10&11), discusses information needs in the business plan analysis. It covers the operational information, the marketing information and the advertising information. Measuring business plan progress is the 12<sup>th</sup> unit in our work, and it discusses the actual and digital analysis of the whole situation. The unit thirteenth, tries to update the outcome of what has been discovered from the measurement done. The unit fourteen discusses causes and failures of business plan. What brings about plans' failures in business plans? How can that be avoided? And unit fifteen examines how a dead product or service can be brought back to life instead of quitting the business. Each study unit takes at least two hours, and it includes the introduction, objectives, main content, self-assessment exercises, conclusion and summary as well as references. Other area borders on the tutor-marked assignment questions. Some of the self-assessment exercises will necessitate contacting your course guide or tutors. Some books for further readings have been suggested to give you additional information if only you can lay your hands on any of them. You are advised to practice the self-assessment exercises and tutor-marked assignment questions for greater understanding of the course. This will help us to achieve our stated objectives.

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There are several tutor-marked assignments under every unit course. You are advised to submit the attempted questions provided to enable your tutor to assess your level of comprehension of this course. When you have completed each assignment, you sent it

together with your tutor-marked assignment form to your tutor and it forms 30% of the total marks. Ensure that each assignment you send reaches your tutor before the dead line.

There are some important points that you need to take note of to help you in your work on this course ENT 206. Principles and practice of business plan.

1. Read the course guide very well
2. Organize a study schedule for each unit.
3. Stick to your study schedule so that you can have success in your work
4. Review the objectives for each study to confirm that you have achieved them one by one.
5. After completing the last unit, you review the course and prepare yourself for the final examination.

### **Final written Examination**

At the end of the course, you will write the final examination. It will attract the remaining 70%. This makes the total final score to be 100%.

### **Conclusion**

Since the course involves the use of money as capital, any mistake or wrong investment decisions or unplanned business, will result in a serious business debacle. Thus the program of National Open University (NOUN) is designed to help the students to face the growing economic challenges in the world today. No economy can survive without a private sector which the business organizations form its basis. You can imagine the financial crisis and economic melt down in the world today. It is either the product of poor planning or lack of planning. Therefore, You need to benefit from this course material not only for examination purposes, but for life time purpose.

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<b>TABLE OF CONTENTS</b>	<b>PAGE</b>
Introduction.....	1
What you will learn in this Course.....	1
Course Contents.....	2
Course Aims.....	2
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Study Units .....	3
Assignment.....	4
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<b>TABLE OF CONTENT</b>	<b>PAGE</b>
<b>ENT 206: PRINCIPLES AND PRACTICE OF BUSINESS PLAN</b>	
<b>MODULE 1: PLANNING, IT'S DEFINITION, SCOPE AND STAGES</b>	<b>6</b>
Unit 1: Planning as part of the business operation	6
Unit 2: Definition of business plan	14
Unit 3: Scope and value of the business plan.	23
Unit 4: Planning stage	32
<b>MODULE 2 PREPARING, WRITING AND PRESENTING A BUSINESS PLAN</b>	
<b>FOR EVALUATION BY POTENTIAL INVESTORS</b>	<b>38</b>
Unit 1: Preparation of the business plan	38
Unit 2: Writing the business plan	46
Unit 3: Presenting the plan	50
Unit 4: Evaluation of plan by potential leaders and investors	57
<b>MODULE 3 INFORMATION NEEDS IN BUSINESS PLAN</b>	<b>65</b>
Unit 1: Information needs: Operation plan information	65
Unit 2: Information needs: Marketing information	72
Unit 3: Information needs: Advertising information	79
<b>MODULE 4 MEASURING, UPDATING AND ASSESSING PLAN CAUSES OF</b>	
<b>FAILURES AND REVERSING IT</b>	<b>87</b>
Unit 1: Measuring business plan progress	87

Unit 2:	Updating the business plan	93
Unit 3:	Causes of failure of some business plans	98
Unit 4:	Bringing a dead product or service back to life	106

## **ENT 206: PRINCIPLES AND PRACTICE OF BUSINESS PLAN**

### **INTRODUCTION**

The course 'Principles and Practice of Business Plan' which is a practice of making plans for a business is an important element in the study of economics of prosperity. The course is an area of business plan studies that teaches potential investors how to prepare, write and present a business plan that will be able to produce positive returns.

Planning is such an important aspect of business life that is not be ignored by both private individuals and government. This is so because, if an investor wants to succeed, he must plan. For instance, on the part of the government, planning is demonstrated from the creation of segments of the state, like the local government, the state government, and the federal government.

While in other parts of the world, this planning arrangement is different. Why must this be done after all? It is necessary because of the uncertainties around us. This is so both for the individual and the state. The private or business individuals have their purpose anchored on returns creation or profit making and/or benefits.

A prospective businessman or woman must have a good business plan. The business plan is therefore, the foundation for every success as taught in our ENT206. If you crooked the business by avoiding to plan, you are planning a failure for the business.

We will want to emphasized here that, the manner in which we take our businesses in environments full of uncertainty and risks, determines our results and reward. Of course, and investors who plan, plans to succeed. And the one who fail to plan, plans to fail. It is therefore, obligatory that we plan our day to day businesses in order to avoid disappointing and painful results. We must be prepare to succeed. Otherwise, the future our businesses will remain in doubt and progress will simply be a mirage.

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## **MODULE 1**

### **Unit 1: PLANNING AS PART OF THE BUSINESS OPERATION**

#### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main content
  - 3.1 Definition of planning
  - 3.2 Types of planning
  - 3.3 The business operation
  - 3.4 What is a business?
  - 3.5 The business operation
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 Reference/Further Readings

#### **1.0 INTRODUCTION**

It is said, he who does not plan, plans to fail. This is so because planning involves looking ahead and at the same time, making provision for the future. If a successful and profitable business or any activity have to be achieved, planning should not be overlooked. Dave, N. and Rob, D. (1993).

Thus, in every business operation, planning tends to answer several questions in advance. This unit is prepared for you to be able to appreciate generally the concepts of planning and business operation. It shows where you are coming from, and where you are going to. When some companies operate without formal plan, it means they are failing to plan, which means planning to fail. This scenario cannot yield them any benefits.

Planning is such an important aspect of business life that should not be ignored. It is clear that even government that wants to succeed must plan for its citizens. Part of the planning is even demonstrated from the creation of segments of the state, like the local government, the state government, and the federal government. In some countries in the world, it could be regions.

While in other parts of the world still, the arrangement differs. Why must this be done after all? It is simply done for the purposes of planning. This is in the case of

the state as we said. The private or business individuals have their purpose anchored on returns creation or profit making.

In other words, it means in everything we do, our expectations are those of positive results that is desired by the people. That is why in business organization, the necessary and important things must be done in order to achieve their goals as well as their specific objectives.

A prospective businessman or woman must have a good business plan. The business plan is therefore, the foundation for every success. If you crooked the business by avoiding to plan, you are planning the failure of the business.

## **2.0 OBJECTIVES**

At the end of this unit, you will be able to:

- Define planning and enumerate some types of planning
- List some types of business
- Explain the importance of planning in business operation
- Compare a business and a business operation

## **3.0 MAIN CONTENT**

### **3.1 PLANNING AS A PART OF THE BUSINESS OPERATION**

#### **3.1.1 DEFINITION OF PLANNING**

Planning is a process or an act of preparing for the future. It involves matching ideas and resources of an individual or group of individuals in order to achieve certain objectives, particularly better return or profits. Dave, N. and Rob, D. (1993).

In planning, we attempt to control the factors which affect the outcome of decisions so that success can be realized. It is a decision on what to do before doing it. Notice that planning is the key to success.

The readiness to produce a product or a service gives confidence to the businessman or woman to be sure of minimum mistakes. There is nothing as bad as committing resources into a business only to meet failures. Therefore, you have to plan so that you can be sure of success and progress at the end.

## **SELF ASSESSMENT EXERCISE 1**

What is planning?

### **3.1.2. TYPES OF PLANNING**

There are several aspects of planning generally, but you shall be concerned with planning at the national level and planning at the individual level. Planning at the national level refers to that type of planning that covers an entire geographical location or boundary called a country.

The purpose of such a planning is to distribute resource of the nation equitably among its citizens. The private type of planning is the concern of the private individuals whose primary motive is to make profit. In both cases, planning is not necessarily profit oriented. However, most planning exercise are channeled towards profit maximization. We can therefore, summarize planning as follows:

- 1 Planning could be a short term, medium term and long term plans. This is applicable to public and private sectors analysis.
- 2 Public and private sector planning
3. Planning for the utilization of limited resources to avoid waste
4. There is a rural/urban planning strategy
5. Foreign versus domestic planning
6. Developed countries versus less developed countries planning

#### **1. Planning could be a short term, medium term and long term plans**

When we are talking of Planning at a short term, we are actually referring a three months or ninety one (91) days of action or activities. But for a medium term planning, it can be two years to five years. While the long term plans involves a period of five years and above.

This is applicable to both public and private sectors analysis. It is then clear that either in a private or public sector business, planning is a strategic element if we have to succeed. Hence, you have the choice to take short term plan, medium term plan or long term plan.



## **2. The public and private sector planning**

The public sector planning has to do with planning for the general public. It involves planning that may not be necessarily be profit oriented, or cash oriented. The private sector planning is mostly profit directed. It is the opposite of the public sector planning.

Although, they differ in some perspectives, they also agree in some aspects. Notice that they both could be profit directed, they can equally be service oriented to its people. For instance, the private individual could set up a business not necessarily to make profit, but to render a free service to his people.

The purpose of this type of planning or project could be a long term plan for a future politics or otherwise. Of course, the public planning process could have a strong instinct for profit when it comes to international and even national business setting. Hence, in either case, planning is important if success has to be arrived at.

If government wants to encourage private sector planning, it can give the private sector certain incentives such as indigenization policy, tax reduction policy for the investors, interest rate reduction policy, subsidies on certain projects etc.

## **3. Planning for the utilization of limited resources to avoid waste**

When planning is done to avoid waste of the resources, we say it is a plan for the utilization of limited resources. We have learnt in so many economics books, both microeconomics and macroeconomics that resources are limited.

Adams Smith, Alfred Marshall in their books told the world that the wealth of nations are limited. We are convinced that it is only a judicious use of this limited resources that man can get the highest satisfaction. Otherwise, life would not have been easy for man.

## **4. There is a rural/urban planning strategy**

The rural and urban development planning is a strategy that tries to strike a balance between rural and urban economies. This planning strategy is common in less developed countries where there exist large rural dwellers.

The essences of this type of planning is to reduce the gap between this predominantly agricultural economies and those of the urban areas that are made

up of better living conditions. Therefore, governments try to provide those amenities and infrastructures in the rural areas in an effort to reduce rural urban drifts.

### **5. Foreign versus domestic planning**

Domestic planning is done for the domestic economy, to make provision for local existence. Foreign planning involves planning with foreign partners on how development can be harmonized.

It is important to know that God endowed every nation with certain strategic resources that makes it unique among other nations of the world. Therefore, planning has to take place jointly to enable the world achieve a global development and progress for the survival of all, Angela, I.I.(2000).

### **6. Developed countries versus less developed countries planning**

The differences in the level of development is what has caused great problem in the world today. There is the developed nations of the world that are battling to shape the rest of the underdeveloped in attitudes and resources as well as health and politics.

The underdeveloped nations are those countries suffering and wallowing in abject poverty, diseases, corruption and conflicts. Life expectancy is low, education is low and almost every aspects of life are very low compared to the developed ones, Philip. And Veronica. (2005).

## **SELF ASSESSMENT EXERCISE 2**

Enumerate some types of planning strategies

### **3.1.3.0 THE BUSINESS OPERATION**

#### **3.1.3.1 WHAT IS A BUSINESS?**

A business can be defined as an economic activity undertaken in order to make profit. The activities are characterized by production, distribution, exchange and consumption. A business climate or environment can be volatile and unpredictable. Yet, so many people jump into business without first of all

planning. To go into a business, Kayode, M.O.(1979) and Kotler, P.(1991), Kotler, P.(1997), maintained that you need to know:

- Where your business is going to
- How your business is going to get there
- What resources will be needed to take you there
- How much returns will possibly be achieved.

These are relevant questions you need to ask yourself as you enter into any business

### **SELF ASSESSMENT EXERCISE 3**

What is a business. What questions do you need to ask yourself before embarking on a business?

#### **3.1.3 THE BUSINESS OPERATION**

The operation is a section of the business planning which describes the manufacturing processes from raw material to demand stage or finished goods. It involves purchasing, staffing, equipments and facilities that will be required for your business production, David, S. and Nicolas,(2006).

In your business operation plan, you will need to provide a rolled out strategy showing when these requirements would be purchased and implemented. In addition, you will need to describe your vendors in the business operation. Do you have current ones or do you need to establish new ones? Who will you choose and why? John, F.(1999), Lewis, A.(1966), Richard, M.S. and Wilson, C.G. (2003).

Note that the success of this section can be measured by your kind of employees or staff. Hence, according to David, S. and Nicolas,(2006), you must consider the following questions.

- What are your current staff needs (full-time or part-time)? How many staff do you need in the near future?
- What skills must your employee have? What will be the job description?
- Is the staff you readily available? And how will you attract them?
- Will you be paying salaries or hourly(wages)payments
- Will you pay over time?

- Will there be a benefit to you? Or just a huge cost for nothing.

#### **SELF ASSESSEMENT EXERCISE 4**

Describe a business operation and identify some relevant questions you need to ask concerning your employees.

#### **4.0 CONCLUSION**

Planning as part of the business operation ensures a successful business outfit for investors. The various types of planning provides you with the necessary direction towards achieving your business operation goals. To succeed, you must plan or you plan to fail

#### **5.0 SUMMARY**

Planning tends to answer several questions that will lead your business to a successful end. When you plan, you have a focus and your business will flourish. Therefore, your goals and objectives can only be achieved through planning as part of a business operation.

#### **6.0 TUTOR-MARKED ASSIGNMENT**

- What is planning? Enumerate some types of planning
- Define a business and a business operation. How do they differ?

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## **MODULE 1**

### **Unit 2: DEFINITION OF BUSINESS PLAN.**

#### **CONTENTS**

- 1.0 introduction
- 2.0 Objective
- 3.0 Main Content
  - 3.1 Definition of business plan
    - 3.1.1 What is a business plan?
    - 3.1.2 The body of the business plan
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked/Assignment
- 7.0 Reference/Further Readings

#### **1.0 INTRODUCTION**

A business plan is a scheme that is designed to answer relevant questions to business men and women. It has a cover sheet, statement of purpose and a table of content.

Hence, it is a document that shows the way and the truth to the business success. We shall broadly define business plan and briefly discuss the body of the plan. Note that the cover sheet goes before the description. It includes the name, address, telephone number, email addressed.

#### **2.0 OBJECTIVES**

At the end of this unit, you will be able to :

- Define a business plan;
- List and explain elements in the body of a business plan.

#### **3.0 MAIN CONTENT**

##### **3.1 DEFINITION OF A BUSINESS PLAN**

###### **3.1.1 WHAT IS A BUSINESS PLAN?**

A business plan can be described as the road map on the journey to your success. It is the key to the successful take off and execution of your business.

As we said earlier, the business plan is a document showing where you are going, how to get there, with what means and what you will get when you get there, Ndebbio,J.E.U.(2007).

Because of the volatile business climate today with several ever changing environmental challenges, many people asks the question as to whether you still need a business plan at all, given such rapid and fast negative changes all over the place. The answer is YES!

- The fact that things are changing so rapidly is the main reason why you must and we must plan. You don't have to wait until things get worse before you react. Planning is a preventive measure for business owners. There is the saying that prevention is better than cure. This exactly what planning should be seen to be doing.
- The business plan is the only means to which we can anchor our dreams on, otherwise, our business dreams would be swept off by the wind of changes. The dream of the business owners is to succeed, to progress and to win. Anything short of this is a failure which the business men and women will not like to associate themselves with.
- Jumping (going) into a business without a business plan is like going on a journey without knowing where you are going to. A number of people have tried to make such fruitless journeys, but ended up crash landing in their businesses. For this reasons, you have to plan first before starting your business.
- Therefore, having a business plan will help you look at various options and decide ahead. In planning, you have to give room for options.
- The candid reason is that you will be better up in planning when there is room for you to make a choice out of the various alternatives. You deserve the right to shift from a less viable business to a more viable one. Like that, that you can be sure of progress.

#### **SELF ASSESSEMENT EX.1**

Define and explain why you must have a business plan before investment.

### **3.1.2 THE BODY OF THE BUSINESS PLAN**

The body of the business plan is made up of the description of the business, the market plan, the financial management plan, the management plan and the executive summary and supporting documents.

#### **a Business description**

When describing your business, you should explain the following:

Legalities and Business form: For example, proprietorship, partnership, co operation. You will also need licenses or legal permits.

##### **1. Business type:**

Are you going into merchandizing, manufacturing or service. The proposed business name must be taken to the appropriate government agency for official approval. By doing this, the organization will be able to operate officially in any aspect of its registration functioning.

In the case of Nigeria, the appropriate registration agency is the 'Corporate Affairs Commission'(CAC). The CAC issues certificate of operation in the area of the specified functions or activities. Other agencies in Nigeria today include National Food and Drugs Administration and Control(NAFDAC), the Standard Organization of Nigeria (SON), the Ministry of Education, etc.

##### **2. What product or service you will provide?**

You need to specify your product to a clear definition of your business. Some products are not allowed in the economy, you must avoid going into the production of such products. In other words, venturing into such businesses will rather make you worse off than better off. Therefore, we must obey the laws of the land for the sake of upcoming generations unborn.

##### **3. New and independent business or takeover and expansion, a franchise?**

You need to make a clear explanation of your business type. If it is a new project or investment, let it be known to everybody.

If you are taking it over from someone, make it clear. Should it be for expansion motive or franchise, let the people know exactly what your plans are. When this



happened, the general public will be aware of your transparent existence and good purpose of establishing such a business in the area.

**4. Profitability:**

Will your business bring better returns than those of others? What growth rate? You need to tell the purpose and direction of your business. A good explanation of your intentions will show where you are going to in your business plan. It will explain your profit margin, growth rate, general welfare plan for your staff and your projected annual earnings.

**5. When will your business be open (days or hours)?**

Clearly state the hours of work and the days of work. Infact, many job seekers always watch against any job that will take them away from their families. And such, they will only apply for a job that will offer them some relatively enough time to be spent with their families. Where this is lacking, it tends to create an atmosphere of difficulties and misunderstanding between husband and wife, father and children or the other way round.

**6. What knowledge do you have from within and outside the environment in terms of publications on trade, supply and demand?**

The description of your plan will show clearly where you are or why you want to be in the business. Your ability and capability to be in the business will be of great help to you in determining your business type and strength, Richard,M.S.and Wilson,C.G.(2003). Note that your ability to analyze the market demand and supply will also be of great support in explaining the future market situation of the business which is equally an important aspects of the business plan.

**b Product /service plan**

You should try and describe the benefits of your goods and services to your customers. The fact is that successful business men and women know or at least have ideas of what their customers wants and their expectations. Hence, you have to describe.

1. The product or service you are selling.
2. How your product or service will benefit them.
3. Which product or service is in high demand?

4. What is the difference between your product and service to those of other business men and women?

- **The Market plan**

The marketing plan plays a very vital role in your successful business ventures. How well you will market your product or service along with other competitors will determine to a large extent the degree of your success. This aspect will be discussed in our subsequent module. But you need to know that your ability to locate customers is a very important determinant of the survival of your business venture, McDonald, M.H.B.(1989), McDonald, M.H.B.(1995).

### **C The Location**

The location can play a decision role in your business success or failure. Your business should be around your customers, your plan must address the following:

#### **1.Your location needs**

This is talking of the kind of site or geographical area. You need to assess the location in terms of your kind of customers, banking facilities, water supply, good roads, and general security.

#### **2. Your kind of space need.**

Do you need a large space or a small space? Your type of business will determine to a large extent the kind of space you need. In many cities in the world today, one of the major problems they have is that of accommodation. This problem must be solved first before you can think of establishing a business in a place. Conflicts have often arisen from problem of space.

#### **3. Your desires in terms of area and the building**

If you intend to use heavy machines, you will need a solid land and not a marshy land. Land counts a lot in this case. Many heavy buildings have often collapse because of the kind of lands in which they were constructed on. Therefore, you must take note of this as one of the important determinants in business planning any where in the world.

#### **4. Accessibility to the public and power as well as water availability.**

You cannot operate your business successfully without water and power. Although there are many other important determinants, but this two are mostly needed in every type of business.

- **Management plan**

How do you treat your employees? Just as we manage plants and equipments, business is all about people as resources that you need to combine with other factors of production to result in output or returns, Dave, N. and Rob,D. (1993), Lewis, A.(1966).

Your management plan should there answer the following questions:

- 1 **How does your background help in your business?:**

what is your economic background, your political background, as well as your business experience in the field. Do you have the necessary qualification? If not what can you do to meet up?

- 2 **What are your weakness and how can you overcome them?:**

you the owner of the business must assess your strength and weaknesses. There is nothing wrong in asking for assistance when necessary. Often time peoples business fail because of lack of knowledge. You must ask for knowledge when the needs arises.

- 3 **Who will be on the management team and what are his strengths and weaknesses?:**

is it the Director or the General Manager that will the man at the top? State it clearly with his duties or functions. There is need to be clear about the boundaries of the man at the top so that we don't create a space for management irregularities.

- 4 **What are their duties? And are they well defined?:**

the schedules of your staff should be well defined and assigned. Note that when there is conflict on schedule for staff, it creates unhealthy rivalry and un conducive working environment for the workers and even the management as well. Therefore, there is the need to define schedule for the company's staff at all time without malice or selfishness.

**5 Others are personnel needs, training, salaries, benefits, vacation/holidays offer which you need to address:**

Your staff have the right to know how they are affected by all of this things mentioned. The knowledge of their salary for instance can motivate them to put in their best in production and general performance in the company. The same applies to other items such training, vacation and holidays, as well as other needs and benefits.

- **Financial management plans**

For you to remain in business, you need a sound financial management full of transparency and accountability. Many businesses have crumbled not because they are not performing well in actual sense, but because of poor financial management.

You will need to identify and implement policies that will lead to and ensure that you will meet your financial obligations which can only be possible if there is prudent management of funds both by the employees and the employer.

- **Executive summary and supporting documents**

The executive summary is a very important part of the plan that provides an overview of the business especially the product, how it will be sold and the benefit, Dave, N. and Rob,D. (1993), David, S. and Nicolas,(2006).

Reading the summary will tell financiers and investors whether they should continue reading it or not. You must include any documents that lend support to statements made in the body of your business plan e g. Credit information, quotes and estimates, lease or buy agreements, legal documents, census/demographic data etc. Kotler, P.(1991), Kotler, P.(1997).

## **SELF ASSESSMENT EXERCISE 2**

Critically analyze the body of a business plan.

### **4.0 Conclusion**

You need to draw a clear definition of your business plan in such a way that what should be included in the plan is not missing. If you have to get to your destination in the business, you have no option in the business than to rely on a

business plan. You need it to guide you towards success in your business Endeavour and business ventures.

## **5.0 Summary**

The business plan will show you the direction of success. If you abandon it, you will head towards doom especially with the present changing business environment globally.

You will be expected to understand that the changing world necessitates your ability to prepare a plan that will conform with the new world. Communication today has become highly advanced, and the methods has changed. For example, power point presentation is what is encouraged today and should be practice today.

## **6.0 Tutor-Marked Assignment**

- Define a business plan. Why must you have a business plan as a necessary condition for a good and successful investment?
- You are to list and explain the main parts of the body of a business plan.

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## **MODULE 1**

### **Unit 3 SCOPE AND VALUE OF THE BUSINESS PLAN**

#### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main content
  - 3.1 The nature of the business Plan
  - 3.1.2 The objectives of the business Plan
  - 3.1.3 The Scope of the business Plan
  - 3.1.4 Value of the business Plan
  - 3.1.5 The value analysis
  - 3.1.6 Stages in value analysis of a product
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 Reference/Further Readings

#### **1.0 INTRODUCTION**

The coverage and/or boundary of a business in terms of how small or large is presented in this unit. The unit equally examines the value of a business plan as it relates to the activities of the investor.

It is important to note that a clear business plan idea reduces the difficulties of decisions of which business to embark upon and what advantage you stand to get resulting from the value of having a business plan.

#### **2.0 OBJECTIVES**

At the end of this unit, you will be able to:

- Describe the nature and list some objectives of a business plan
- Describe and outline elements of the business plan
- Explain the value of a business plan and identify with example the stages in value analysis of a product

### **3.0 MAIN CONTENT**

#### **3.1 The Nature of the business plan**

The nature of a business plan is that as a mental process, it decides the direction that a business organization intend to follow, in order to achieve it's stated objectives.

It starts with questions about who carries which task, when, where and how is the task carried. In doing this, it requires minimizing incremental costs and maximizing output ratios

A business plan as a document shows work-in progress. In this case, you are reminded that even successful investors are expected to maintain current business plans. For you to persuade someone to buy your product or service, you must have a good knowledge of it.

Infact, you are to act as your sales persons and your product should be your business. This is why your potential inventors and employees are regarded as your customers. Hence, for them to believe, you must convince them about your knowledge of the business.

#### **SELF ASSEMENT EXERCISE 1**

Describe the nature and scope of a business plan

List some objectives of a business plan and explain value of a business plan

#### **3.1.2 THE OBJECTIVES OF THE BUSINESS PLAN**

The main aim of the business is not to simply make a profit, but is for you to commit yourself in various ways or in your own way to satisfy your community's basic needs and in particular, render a service to the whole society. This is why it is said that the art of enterprise called business is a morally serious calling.

By these reasons, you should understand that the business are set up for many reasons. Although, profit may be important, but, certainly it is not the only one. That is why many people are ready to take cut in their earnings in order to get the satisfaction of working for themselves. Therefore, the objectives of the business plan are:

- To make as much profit as possible;
- To maximize sales;



- To grow quickly i.e. make reasonable returns on funds entrusted to the business by its investors;
- To produce the best product in a given market i.e. satisfy customers with goods and services of real value;
- To provide owners the freedom to express themselves in the work they enjoy;
- To create new jobs and new wealth;
- To diversify the interest of the public.

### **SELF ASSESSMENT EXERCISE 2**

List and explain some objectives of a business plan

#### **3.1.3 THE SCOPE OF THE BUSINESS PLAN**

The scope of a business plan defines the boundary or limits of a business that is to be chosen and undertaken by an investor. It includes all elements of a business plan that are recognized in the business plan document included in the business plan are:

- The description of the business from its idea to operation;
- Its marketing strategies;
- The competitors in the conceived business plan;
- Its operating procedures;
- The type of personnel's;
- The business insurance;
- The business financiers or investors/lenders;
- Its customers.

### **SELF ASSESSMENT EXERCISE 3**

Describe and outline what constitute the scope of a business plan.

#### **3.1.4 THE VALUE OF A BUSINESS PLAN**

Because the world is full of uncertainty, and this uncertainty also affects the business world, we must be prepared for such unforeseen situation. In doing this, you have to take risks. By taking risks, you try to answer the question as to what kind of risks you are likely to face in the business. Such a question cannot be properly answered without a business plan. In other words, the business plan is prepared in such a way that grey areas are seriously taken into consideration so

that it can give the plan a value that will stand the taste of time. Adeniyi, A. A (2008).

Without a business plan, you may not understand that you can fall into the followings:

- Poor planning and research;
- Negative competitors' reaction;
- Serious weakness in marketing;
- Other weaknesses in production and management;
- Changes in technology and other advancement.

The business plan must give you value by avoiding and responding squarely to the above issues. Infact, a good business plan can add value to your proposal, by attracting providers of funds through capturing of their attention and interest. This is so because when you take time to create an extensive business plan, it will provide you with insights into your business.

This document therefore, has this kind of value that can serve as a powerful financing proposal. This can be summarized as a process of minimizing cost and negative effects by replacing them with incentives that will give you confidence in what you have chosen as a business idea or proposal.

Therefore, you need to embark on proper and effective planning and research for good answers to your questions on the business. It is not just having the business, but knowing the business environment which you are operating in. You have to avoid negative effect from reactions of your opponents call competitors.

Some of their reactions can be unpleasant and harsh enough to kill your own business. Hence, you must watch and prevent them from affecting you by putting in important strategies on ground.

Another thing you need to watch is that of serious weakness in marketing your products or services. You cannot just be producing your goods without a good plan to market them through sound advertising to a large number of people or customers.

Other weaknesses includes those of poor management and lack of technological advancement. It important to know that you need to go with the technological changes in the economy and the politics of the nation. With effective response to these changes, things will be better for your business and the economy at large.

#### **SELF ASSESSMENT EXERCISE 4**

Discuss the value of preparing plan to a business individual.

#### **3.1.5 THE VALUE ANALYSIS**

The value analysis is a planned scientific approach to cost reduction, which reviews the material composition of a product and production designs that modification and improvements can be made which do not necessarily reduce the value of a product to the customer or user.

In other words, value analysis is a cost reduction process in production of a good or service. The value analysis encourages a radical innovation for ways of reducing cost. It covers:

- **Cost elimination or cost prevention:** here we try to eliminate unnecessary additional cost which we have the means and strategies to do that. You will notice that such costs eats up your benefits or profits thereby, making you worse off.
- **Cost reduction:** The process of minimizing costs is also important for you to realize higher benefits on a daily or monthly basis. Most businessmen and women have used this approach to make better returns on the their business plan analysis.
- **Improving product quality thereby selling more quantities at the same price as before:** The process of improving the quality of your product is another way of raising your business portfolio. You must exploit all the avenues to make your business progress. Hence you can sell more at the same price with more benefits.

- **Improving product quality and this enable you to increase your sales price:**

When the above objectives are achieved, the additional benefits according to David, S. and Nicolas,(2006), Lewis, A.(1966), will include the followings:

1. Improved product quality. The value of the product will now be highly acceptable because of the improvement made on its content during production.
2. Increase product life as a result of No.1 above. When the product or service is of good quality, its life quality will improve, thereby making possible for the product to live long.
3. Improved product reliability and performance. The product can only be reliable and equally perform well when it has a very good quality and is therefore well accepted.
4. Increased standard will lead to lower costs for customers. Customers will equally enjoy high standard material or goods and services. This will also lead to low cost.
5. Better economic use of scarce resources. The use of resources is another important thing to note. Individuals are expected to understand the real resource situation on ground.
6. Encourage employees to show innovation and creative ideas. Most of the employees are encouraged to improve themselves in any area of training that they can avail themselves with.

### **SELF ASSESSMENT EXERCISE 5**

Discuss the value analysis with example .

#### **3.1.6 STAGES IN VALUE ANALYSIS OF A PRODUCT**

The value analysis is carried by experts with varying backgrounds, with blends of experience, skills and imagination, Micheal, Novak in Obiora F.I & Ndid, N.E. (2003). The stages in the value analysis of a product are:

##### **1. Selection of a product or service for investigation:**

The choice of the product should have regard for expected future life of the product and must have a cost saving ability. This cost saving ability is what adds value to the product or service. For this reason, all businessmen and women are advise to always try to embark on cost

**2. Obtain and record information:**

For instance what is the product or service suppose to do? What are the costs of the product or service? Are there alternative ways of producing it? What are these alternative cost?

**3. Analyze the information and evaluate the product:**

You have to analyze every aspects of the product or service. Understand the product's value. Its life expectancy and all that is required to give the product a good a market in such a business environment.

Hence, questions to ask and be answered according to Dave,N.&Rob, D.(1996), includes:

- Are all parts necessary?
- Can the parts be obtained or made at lower cost?
- Can standardized parts be used?
- Are all the features of the product or service necessary?
- Can any of the features be incorporated at lower cost?
- Does the value of each product justify the cost?
- Can the product be made at lower cost?

**4. Consider other alternatives:**

This is better started at the idea stage of the product. When you consider other alternatives, you will have the opportunity to select the best option that will yield greater reward.

**5. Select the least cost alternative:**

You can select the least cost alternative as another way of embarking on cost management strategy. You should not hesitate apply this in your business plan analysis. Many investors have enjoyed this approach and have achieved their objectives in terms of rewards, returns or profits, Kotler, P.(1991), McDonald, M.H.B.(1989).

**6. Make a recommendation:**

You recommend the preferred alternative. When the recommended alternative is taking serious, the business flourishes and the business owners enjoy.

## **7. Implemented the recommendation and follow-up the value analysis:**

The team reviews the implementation and improve the product method of production for productive value purpose.

## **SELF ASSESSMENT EXERCISE 6**

Identify with examples the stages in value analysis of a product.

### **1.0 CONCLUSION**

We have just analyzed the scope and value of a business plan which provided answers to the question of the boundary of a business plan and the relevance of such a plan to a potential business individual. Among these are protection against poor planning, poor knowledge of competitors, poor and weak production and management of this business as well as poor marketing strategies. The avoidance of all these will provide a concise knowledge of business environment for better returns, McDonald, M.H.B.(1995).

### **5.0 SUMMARY**

Generally speaking, a business plan is restricted to its scope and value to give you a clear direction of where you are going to, how to get there and what to achieve when you get there. This is so because a business must have an aim and objectives to achieve.

Without a business plan, it will be practically difficult for you to succeed. You need a business plan to guide you in the process of committing your resources to any investment projects that you will wish to embark upon at any point in time.

### **6.0 TUTOR-MARKED ASSIGNMENT**

- List some objectives of a business plan and discuss its value.
- Identify with examples the major elements of a business plan document and the various stages in the value analysis of a product.

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## **MODULE I**

### **Unit 4: PLANNING STAGES**

#### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main contents
  - 3.1 Traditional planning stages
    - 3.1.1 Idea stage
    - 3.1.2 Identification stage
    - 3.1.3 Operational stage
  - 3.2 The World Bank planning stages
    - 3.2.1 Idea stage
    - 3.2.2 Identification stage
    - 3.2.3 The preparation stage
    - 3.2.4 The appraisal stage
    - 3.2.5 The negotiation stage
    - 3.2.6 The implementation stage
    - 3.2.7 The evaluation stage
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-marked Assignment
- 7.0 References /Further readings

#### **1.0 INTRODUCTION**

A business cycle requires planning its stages before embarking on it. The planning will help you to avoid the consequences of extreme disaster in your business. The decision you are to take at each stage is vital for the survival and profitability of your business.

Traditionally, there are three (3) planning stages. But the World Bank advanced seven (7) stages in the planning of the life cycle of an investment that you need to know as part your business plan.

#### **2.0 OBJECTIVES**

At the end of this unit, you will be able to:



- Identify the traditional planning of your business.
- Explain the world bank planning stages of your investment.
- Tell how they differ.

### **3.0 MAIN CONTENT**

#### **3.1 TRADITIONAL PLANNING STAGES**

Traditionally, there are three (3) planning stages in the life cycle of a business project.

These are:

- The idea stages.
- The identification stage.
- The operation stage.
- The idea stage is the first stage of the planning where you are expected to generate your business ideas.
- The identification stage of your planning is where you do the preliminary assessment in terms of your priority.
- While the operation stage is the stage where you organize all factors of production to give you a product or a service, Lewis, A.(1966), Bature,N.B.(2009).

#### **SELF ASSESSEMENT EXERCISE 1**

List and explain the traditional planning stages in business cycle.

#### **3.1.2 THE WORLD BANK SEVEN (7) STAGES OF A BUSINESS**

- **The design stage:**

It is the same as the idea stage or first stage in the traditional approach in business life cycle planning. Any mistake at this stage affect the business for life.

Thus, you must avoid picking a wrong business idea. You must evaluate prevailing environmental variables as well as review and inventorise existing information necessary for evolving your business idea.

The most important thing to do is to have a market survey, so that a number of items are assembled and ranked in order of value. From this, you can select the best idea for onward implementation as the project to be embarked upon, Reginald, L. J. & George,H.T.(1971).

- **The identification stage:**

The identification stage is the preliminary assessment of high priority that will satisfy your stated objectives and strategies. This is a stage where you are expected to plan to overcome your constraints given your estimated cost and benefits, whether profit or social benefit is your expected priority or not, McDonald, M.H.B.(1989).

You must justify why you are committing your resources into any feasibility study in the first place. The study further prepares you to undertake the investment project because it offers concrete result and information on the idea so chosen.

The identification stage is therefore, a stage where you make a successful choice or a wrong choice. That is why you can make the right choice when you follow the due process of starting a business investment.

- **The preparation stage:**

The third stage is the preparation to take off stage. After identifying your constraints such as technical, economic, financial, institutional, educational, social and religious factors you are expected to plan with incentives and facilities that will yield higher productivity and general better welfare, David, S. and Nicolas,(2006), Kotler, P.(1991).

You must provide guidelines for a smooth take-off. If you are not fully prepared, you cannot start on a safe footing. Which means that you are likely to have problem at the end. This why you need to prepare fully.

- **The Appraisal stage:**

Appraisal is the fourth planning stage in which you are expected to appreciate your business proposal. You can go ahead to okay the business or reject it. If you decide otherwise, then you have to begin again from the design stage of the planning.

It is at this stage that you assess your constraints and draw your conclusion on what to do next. Either to continue with the idea or to abandon it totally and start anew one altogether.

- **The negotiation stage:**

Negotiation is the fifth stage in which discussions with leaders or providers of funds must be reached by you. If you are to take loan from a bank, you must sign the loan agreement with the bank. All your collateral has to be generally approved.

If however you cannot satisfy the conditions necessary for the facilities, you can look for other alternatives, so that you can avoid taking excessive risks that will at the end result to negative outcomes.

- **The implementation stage:**

The implementation and supervision stage is where you must plan to ensure that the business is fully operational. You should know that this is a critical stage because it has to do with the birth and survival of the business.

If you are successful here, then, you are likely to record a profit that will justify the purpose of setting the business in the first place. Where otherwise, you are advised to change your decision as quickly as possible to avoid further problem.

- **The evaluation stage:**

The last stage of the planning is the evaluation stage in which you are expected to assess and review progress recorded in your business. It focuses on whether output target has been reached or not, whether you have removed the constraints or not and the lessons you need to learn against new business, Kotler, P.(1991), Lewis, A.(1966)..

## **SELF ASSESSMENT EXERCISE 2**

Enumerate and explain the modern planning stages of the World Bank.

#### **4.0 CONCLUSION**

Since planning is an act of preparing for the future, you need to control the various stages of activities in your business investment stream to avoid factors that will result to failures. Hence, understanding the planning stages and taking them seriously will lead you to wonderful results by ensuring better rewards to your business, McDonald, M.H.B.(1995).

#### **5.0 SUMMARY**

Planning stages have both traditional and modern stages. You are expected to understand three (3) traditional planning stages and seven (7) modern planning stages proposed by the World Bank.

You are equally expected to know that there are constraints to handle in every stage of the planning which if not properly and carefully handled and avoided, may result you to bad returns and eventual collapse of your business.

#### **6.0 TUTOR-MARKED ASSIGNMENT**

- List and explain traditional planning stages in your business.
- How did the two differ?

#### **9.0 REFERENCE/FURTHER READINGS**

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## **MODULE 2**

### **Unit 1 PREPARING THE BUSINESS PLAN**

#### **CONTENT:**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Preparing a business plan
    - 3.1.1 The task of preparing a business plan.
    - 3.1.4 How to prepare a business plan(tips and guides)
    - 3.1.2 Why prepare a business plan?
    - 3.1.3 What should be in the business plan?
  - Preparing a good business plan
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

#### **1.0 Introduction**

Preparing a business plan is the business of who? There are tips or guides for the preparation of a business plan. Thus, preparing a business plan requires a clear understanding of the guides. Such as who will do what and when? As well as a feasibility and viability analysis profile.

In other words, it means developing the business plan. This is where you carry out a series of tasks which will facilitate and give you the confidence to prepare a solid business plan that will be reliable and usable. In this unit you shall be exposed to the processes of developing a business plan and why you must prepare a business plan.

#### **2.0 Objectives**

At the end of this unit, you will be able to:

- Enumerate the task of preparing a business plan
- Explain why a business plan must be prepared?
- What makes a good business plan?
- Determine the procedure for preparing a business plan

### **3.0 Main content**

#### **3.1 Preparing a business plan**

##### **3.1.1 The task of preparing a business plan**

#### **3.1.1 The Task of preparing a business Plan**

The tasks that you must undergo in preparing a business plan are presented below:

1. Propose an idea for the trading of a good or service. The fact is that, you are expected to suggest an idea for an investment and how you intend to carry on the activities in terms of the marketing of such a product or a service that you have embarked upon.
2. Embark on discussion of your feasibility proposal with experienced analysts or advisers. You need to discuss the how you intend to carry on the feasibility study in such away that it can be analyzed by any potential investors around you.
3. Make sure you identify your proposal and clarify it. Identifying your proposal implies choosing or selecting a project idea that you will work on generally.
4. Ensure that you identify and agree with your trading objectives. What are your trading objectives? This, you need to define. The purpose of this is to prepare your mind on the future of your business. Your wish should be, to be clear about what you are doing.

If you are able to prepare yourself well, you will have no cause for alarm. Therefore, be sure that you are at a smooth relationship with your trading partners in the business you have just chosen.

5. You discuss and agree on work responsibilities. You can discuss and agree on work responsibility with your staff or workers in the company. You need to be very open in discussing this matter with your staff or the management team.

6. You identify as well as estimate your production resources requirement. How much money do you require to start the business? How much do you need to spend on equipments? What type of machine do you need the business to be in place? You can estimate this to see the level of your preparedness for the business.
7. You prepare to time, and resources constraints and modify your business plan. Time is an important commodity in this matter. You have be sure of when you hope that the business start. Is it immediately or after some time of long preparation? If you however need few weeks to start your business, you should be sure that the constraints are well defined and handled as much as possible.
8. You identify and estimate your selling and marketing resource requirements. Do you want to use a vehicle? Do you have the means to do that? How intend to assess your customers ability to keep you in the business? These are questions that you need to address squarely before the take off of the business idea selection.
9. You have to identify and use external advisers to support you in constructing and assessing your business plan. External advisers are also needed to help you construct a good business plan that will withstand the taste of time.

The task outlined above will provide you with ingredients for the preparation of your business plan.

### **SELF ASSESSMENT EXERCISE 1**

Outline and elaborate on the series of tasks you are to carry in preparing a business plan.

#### **3.1.2 Why prepare a business Plan?**

You have to prepare a business plan because of the following reasons:

- It will help to tell you if the business is a viable one or not. If it is not going to be a viable one, you can drop the idea and start a new one as quickly as possible.



- It will provide you with guidance in running your business. You need to know how you are going to run your business in advance. This the preparation that we are talking about, that must be done to give confidence to the business owners.
- It will help you in organizing the use of your various resources. The organization and the utilization of resources especially scarce resources needs to be studied to provide answers to some of the teething that are likely to affect the business for life.
- It will serve as a tool for you in raising your additional funding from investors. You may need additional funds to beef up your business plan. It is with a well prepared business plan that you can present lenders and investors to get more funds for the necessary requirement of your business or business plan, Reginald, L. J. & George,H.T.(1971).

## **SELF ASSESSMENT EXERCICE 2**

Why must you prepare a business plan?

### **3.1.3 Preparing a good business plan**

Since, the preparation of a business plan is inevitable, you have to be ready to prepare a good plan. This is because a good business plan will help you to focus your energy, time and attention on where you want to go, thus, Dave,N.&Rob, D.(1993), McDonald, M.H.B.(1995), argued that a good business plan must take the following form:

- It must be written;
- It must be specific in terms of details;
- It must be measurable;
- It must be realistic ;
- It must be attainable/achievable;
- It must be time – bound.

#### **It must be written:**

a good business plan must be a written document, so that you can easily lay your hands on it when the needs arises. It is the first guide to the businessmen and women, home and abroad. Therefore, you make sure that the project plan is

written. This is the only way in which every investor is can remain in the business.

**It must be specific in terms of details:**

I wish to state that most business plan that do not carry detailed information, often face different problems. It has to be specific in terms of what it is all about. It must answer the questions such as; what is the name of the product? What category of people is it targeting? And what is the relevance of such a product or service to the society? The customers needs to know all this information about the product or service, Dave,N.&Rob, D.(1993), Khan,S.(2005).

**It must be measurable:**

The measurability of a plan comes into focus when you are asking of the quality of the plan. How you want to arrive at a success in your work will depend on the ability of the plan to give you what you want at any point in time.

**It must be realistic:**

Is the plan realizable? Or is it just a plan that is done for plan sake? Or a plan that intend to achieve its goals? The plan must address these critical questions before it can be a realistic plan that can be acceptable for execution. This is an important part of the business plan preparation that must be taken serious.

**It must be attainable/achievable:**

Do not make or prepare a bogus plan that you will not have the resources to execute it. You have to make a plan that your capital can carry. Otherwise, you will only be embarking on a plan that will not yield result because it will not be executed.

**It must be time – bound:**

The plan preparation must specify the time bounds so as to assess the progress of the business or evaluate the plan for the purpose of plan review and update. If your plan dose not provide for review and evaluation, then something is wrong with your plan.

Generally, preparing a business plan is a task that must follow its own due process to avoid ordinary assumptions. Writing a business plan for instance, gives you the document handy to be used.

Although we are going to study ‘writing the business plan’, but you need to know at this point in time that the compass was developed to guide the navigator to his destination in due to the hazards that are associated with navigation on the high sea.

## **SELF ASSESSMENT EXERCICE 2**

What is the relevance of a good business plan and what factors must it take into consideration?

### **3.1.4 How do you prepare a business plan?**

You can prepare your business plan starting from the name of the business by different suggestions from specialist. This is where you can begin your work of organizing a document from the business called the business plan. Hence, you organize the following in preparing for a business plan, Dave,N.&Rob, D.(1993), Kotler, P.(1991).

- **Name:** Suggestions are made in preparing the business plan from the name to other things that follows.
- **Management:** The management will ensure that the tasks are carried out as and when required.
- **Raw Materials :** In manufacturing a product, you need raw materials as special ingredients for the manufacturing of your product.
- **Financial Resources:** Added to cash, the business needs financial resources to buy the raw materials and other requirements.
- **Capital, equipment and premises:** The business will need a place to operate on, and machinery to produce output.
- **Human resources:** This refers to the labor force in terms of the laborers both mental and physical laborers to carry out production activities or task.
- **Managerial resources:** The managerial department is to manage and control production and resources use.

- **Information and communication:** This will help organize both internal and external customers.

The above preparation gives direction and confidence to the business planner in his effort or quest to succeed.

### **SELF ASSESSMENT EXERCISE**

Describe the procedure that you need to follow in preparing a business plan.

#### **4.0 Conclusion**

There is a big task in preparing a business plan. A business plan must be good enough to give good results in our business endeavour. Why at all do we need to prepare a business plan? Is simply to allow us say we are ready for a business.

Otherwise, there would be no need undertaking the task of preparing a business plan with all its difficulties and complexity only to be kept under a drawer. The preparation of a business plan is a very important aspects of the business investment that must be treated with caution if you have to progress in your business encounter, Kotler, P.(1991).

#### **5.0 Summary**

You must prepare a business plan to give a workable document in your business endeavour. You must undertake the tasks involved in preparing the business plan, knows why you have to do it ,how to prepare a good one and the processes and procedures involved in its preparation.

#### **6.0 Tutor-Marked Assignment**

- Outline the task of preparing a business plan.
- Why must you prepare a business plan?
- What makes a good business plan?
- How do you arrive at a business plan?

#### **7.0 References/Further Readings**

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## **MODULE 2**

### **UNIT 2: WRITING THE BUSINESS PLAN**

#### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Why write a business plan
    - 3.1.2 Who should write the business plan?
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

#### **1.0 INTRODUCTION**

Since a business plan helps you to focus your attention and energy on where you want to go, it is important to put it in writing. Again, when your business plan is written, it becomes a direct reference point where you can restore your confidence in the business that you are embarking upon.

It is like a lesson note to the teacher who is prepared and willing to teach well. This is because it prevents you from moving here and there as something concise is written down for you to follow

#### **2.0 OBJECTIVES**

At the end of this unit, you will be able to:

- List reasons why you need to write a business plan.
- State who should write the business plan and what should be contained in it.

#### **3.0 MAIN CONTENT**

- 3.1 Writing a business plan.
  - 3.1.1 Why write a business plan?
  - 3.1.2 Who should write a business plan?

##### **3.1.1 WHY WRITE A BUSINESS PLAN?**

We may ask the question such as, why should a business go through the trouble of constructing a business plan? Why not just fall into business that comes to your mind without necessarily going through the rigour of preparing, writing and

presenting a business plan? According to, Dave,N.&Rob, D.(1993), Victor .K.(2009), you have to write down a business plan for the following reasons:

- The process of putting a business plan together and putting it down in writing, forces the individual to look at the business in an objective and critical manner;
- It is part of a feasibility study to write down your business plan so that it will help you from the idea stage to be able to assess your chances of success and growth;
- The written business plan or report will serve as an operational tool for your business status and future possibilities;
- It can be a tool that will help you to manage the business and prepare for success;
- It is a strong communication tool for your business. It defines your purpose, your competition, your management and personnel;
- The process of constructing a business plan can be a strong reality check;
- The written business plan provides a basis for your financial proposals and requirement.

You are expected to put all your business plan idea in writing from the idea stage to the final stage. In reviewing your business plan, you can easily take note of problem areas and adjust them equally in a written form.

### **SELF ASSESSMENT EXERCISE 1**

List some reasons for writing your business plan.

#### **3.1.2 WHO SHOULD WRITE THE BUSINESS PLAN**

There are several reasons why we should seek to know who is to actually write the business plan. This is because there exist experts and professionally qualify individuals in every sector analysis to answer your questions.

Thus, you the owner of the business should write your business plan. It doesn't matter if you are using the business plan to seek for financial resources or to

evaluate future growth, define your mission, or provide guidance for running your business. You are the one who knows much about the business.

- Again, consultants can still be invited but the bulk of the work has to be done by you.
- You are however to note that a simple business plan must contain the following in writing, Dave,N.&Rob, D. Kotler, P.(1991), (1993), Victor .K.(2009), Lewis, A.(1966).

1. **Executive Summary:** This is just a page or two showing the highlights.
2. **Business Description:** It describes the history, start up and legal establishment of the plan.
3. **Product or service:** It's focuses on customer benefits and describes the needed product or services.
4. **Market Analysis:** You should show your market plan clearly written. The customers and their needs, where they come from and how you can reach them has to be explained.
5. **Implementation:** Your written plan should show your required budget, management, and their responsibilities.
6. **Web-plan summary:** This is necessary for e-business where a web site development, costs, operations, sales, and marketing strategies are assessed for internet marketing such as eBay-commerce etc
7. **Management team:** You describe the management team of the organization or business clearly in your written plan.
8. **Financial analysis:** Your projected profit and loss in cash flow analysis form should be written down in the plan.

## **SELF ASSESSMENT EXERCISE 2**

State who should write the business plan and what should be contained in it.



#### **4.0 CONCLUSION**

A business plan must be written to serve as a tool for all forms of communications such as the idea management, budgeting and marketing. Writing the business plan is as good as preparing and writing a lesson plan to teach a topic. Hence, it is a necessary condition that facilitates a successful business in life.

#### **5.0 SUMMARY**

A business plan must be written from the idea stage to the marketing stage. For this reasons, you need to know why you should write a business plan and who should write it. And what should be contained in such a business plan to serve as a good tool for a growing and successful business.

#### **6.0 TUTOR-MARKED ASSIGNMENT**

- List reasons why you must write a business plan?
- Who should write the business plan and what do you think should be included in the plan?

#### **7.0 REFERENCE/FURTHER READINGS**

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## **MODULE 2**

### **UNIT 3: PRESENTING THE PLAN**

#### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1.1 Presenting the stages of a business plan
  - 3.1.1 The purpose of your business
  - 3.1.2 The identification and explanation of your business
  - 3.1.3 The plan objectives identification of your marketing plan
  - 3.1.4 The description of your production plan
  - 3.1.5 The identification and explanation of your resource requirements
  - 3.1.6 The production of your financial data and forecast to support the plan
  - 3.1.7 The identification of your monitoring and review procedures from the plan
  - 3.1.8 Presenting the business plan to an audience
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

#### **1.0 INTRODUCTION**

The relevance of a business plan has been stressed earlier, showing that it can help you on anticipated problem areas and how you can arrange to deal with such difficulties. It provides vital information for those business men and women who need them particularly in the area of lending and investing money for the business production and other overhead costs.

In order to produce and present a business plan of your own and to also win the support and confidence of your business lenders and investors, you are expected to take note of the stages presented in our body of work below.

#### **2.0 OBJECTIVES**

At the end of this unit, you will be able to:

- Say the relevance of a business plan;
- Identify and discuss the stages in business plan presentation.

### **3.0 MAIN CONTENT**

#### **3.1 PRESENTING THE STAGES OF A BUSINESS PLAN**

- **PRESENTING THE PURPOSE OF YOUR BUSINESS PLAN**

In order for you to give a structure, direction, checks and to monitor the progress of your business plan, you should be able to say in your presentation:

1. Where your business is going to?
2. How is it going to get there?
3. What resources will be needed for it to get there?

To successfully achieve this, you pick up the assignment briefly, explaining why you are constructing a business plan; who your business plan is for and what they will be looking for in the plan.

- **PRESENTATION OF THE EXPLANATION OF YOUR BUSINESS PLAN OBJECTIVES**

By answering/addressing these critical questions in point one above, you and your business partners or supporters would be able to not only identify the purposes of your business plan, but also to explain what exactly your objectives are . Such as:

1. Is my business profitable or charitable in nature.
2. Is it concerned with sales volume, sales value or what?
3. Is it to be a market leader or simply profit oriented?
4. The period you require to break-even.

To successfully answer these questions, you briefly introduce and summarize your business idea, experience skills and education; explain in detail what makes your goods and services unique among others and what makes them have better returns. You will be able to also address the nature of operations and the direction of your organization accordingly, Dave,N.&Rob, D.(1996), McDonald, M.H.B.(1989).

- 1. Is my business profitable or charitable in nature:**

Your will recall that the purpose of business investments are not the same. While, some are profit oriented, others are free for the people. In other words, both

individuals and governments sometimes embarks on projects not necessarily for profit motives, but also for a service to the people.

Mostly, politicians do this to better the life quality of their people as part of their promises at campaign periods. For this reasons, you have to identify the purpose of your business as stated in the plan.

## **2. Is it concerned with sales volume, sales value or what?**

You need to resolve between sale volume and sales value. How much quantities do you plan to sale at a given period of time? And at what value of price do you intend to sale? This has to be resolved if the plan has to achieve its objectives.

## **3. Is it to be a market leader or simply profit oriented?**

What position do you intend to occupy in the business scenario? Do you just want to be a profit seeker? Or do you intend to have some control in the market?

You need a clear position and direction that your business can cover in the society. You equally need to be sure of your capability to be in the market for these goods and services.

All of these have to be clearly stated in the plan. Otherwise, you will simply be committing blunders, instead of a purposeful plan with hope for a positive results.

## **4. The period you require to break-even:**

Notice that for any business, the primary motive is positive returns. The point of break-even is important point in economics that every businessman or woman will like to achieve.

It is such an important point the brings happiness in the minds of the investors for so many reasons. It is a point the shows positive returns. Appoint that shows, you can continue with the business with little or no fear for failures.

The general impression about the break-even point is that, it is a point where marginal cost is equal to marginal revenue. And the marginal cost curve looks like a supply curve.

- **PRESENTATION OF YOUR MARKET PLAN**

In order to show that you understand what your customers want and the way they want it, and to show that you have adequately researched the competition, it will be necessary for you to respond to a number of questions in your presentation such as:

1. **The benefit of your product to your customers.** You must state clearly the benefits of your product accruable to your customers. Your goods or services must be able to give some satisfaction to their users.

Like that, the patronage will always be growing higher and higher. This will fulfill the intention of the investors or the businessmen and women who established such businesses.

2. **The price offered.** The price of the product is another important aspect of the plan that must be taken serious. When your product or service is offered a good price, it could serve as a good explanation for the quality of these goods or services that you are providing.

Of course, when a product or a service is offered a poor price, it generally affect the business and its continuity. The continuation or the long live of a business defines the success of the business planner. He wants to realize a result that will situate the business or the company for a permanent production.

3. **How to attain maximum profit** What are your strategies for high returns and therefore, high profits? If you are not after high profit, you will be aiming at high returns in terms of service providers.

Therefore, you have to plan to attain a maximum profit so that you can remain in the business for a considerable period of life. You will also be looking forward to satisfying your customers.

4. **What will influence the buyer's decision?**

By proffering solution to customers need, you should be able to show how you differ with other business men and women in the business. The customer is the buyer whom you want to satisfy, Dave,N.&Rob, D.(1996), Kotler, P.(1991).

When he is happy, then you are likely not to lose him. It is therefore important to realize the value of your customer in this case.

- **PRESENTATION OF THE DESCRIPTION OF YOUR PRODUCTION PLAN**

In the description of your business plan, you should be able to convince your audience on how unique your product is to your customers. The description should clearly identify goals and objectives and it should show where you are, and where you want to be in the business i.e. you must take note of the work flow, the type of work, the costs, the legal requirements and the ergonomics which considers the relationship between employees and employers, machinery and equipments for better performance.

- **PRESENTATION OF THE EXPLANATION OF YOUR RESOURCE REQUIREMENTS**

A well presented plan should show your major asset and other alternatives for borrowing, buying, renting and leasing of equipment. To adequately research and come up with good explanations on resource requirements, the questions have to be addressed in presenting the plan:

1. What are the physical needs i.e. structure and equipment needed by the company.
2. What are your human needs eg, availability of staff, from the cost of recruitment, to training and insurance? You need to understand the training of your staff can never be a waste. This is because their productivity, output and general efficiency will depend highly on the training you give them.
3. What are your financial resource requirements? i.e. revenue for the running of the business, the purpose of the finance and the methods of the financing such as banks e.t.c. Dave, N. & Rob, D. (1996), Little and Mirrless (1974).

- **PRESENTATION OF YOUR FINANCIAL DATA AND FORECAST TO SUPPORT THE PLAN**

In order to win the confidence of fund providers and partners, your plan presentation must show the business ability to generate profit; good cash flow forecast in terms of expected returns as a clear balance sheet report.

- **PRESENTATION OF YOUR MONITORING AND REVIEW PROCEDURE OF THE PLAN**

To fully satisfy your investors and lenders, you must present yourself as capable of performing through control mechanism that will permit or warrants in line with financial data. At the heart of any business operation is the accounting system. Many businesses have failed because of managerial inefficiencies.

It is said; leave it to the trained professional to help you in area of accounting and legal matters. One of the first steps to having a profitable business is to establish a bookkeeping system which provides you with data in the following areas:

1. **Balance sheet:** This indicates the cash position of the business is and what equity is, given your assets, liability and retained earnings.
2. **Break-Even Analysis:** This is base on income statement and cash flow position. It shows the volume of revenue from sales that are needed to balance the fixed and variable expenses.
3. **Income statement:** This is also called profit and loss statement. It explains how well the business manage its cash.
4. **Cash flow:** It projects all cash receipts and disbursement. It is critical for the survival of your business.

Your presentation must show the goal of your business plan, which is financing your forecasts, must demonstrate the need for funds and future value of equity investment or debt repayment.

### **SELF ASSESSMENT EXERCISE**

Identify and discuss the various stages in a business plan presentation.

#### **4.0 CONCLUSION**

Our presentation of the plan carries the changing business environment detail aspects of the plan that must be presented to the audience to show your level of preparedness and strategies to be adapted in your business plan. You must understand that your ability to present a plan gives you the confidence you have in the business idea chosen, Dave,N.&Rob, D.(1996), Little and Mirrless (1974).

#### **5.0 SUMMARY**

The business plan presentation has several stages to be noted as you present it to an audience. It shows the level of research carried on a business idea. You can equally understand the value of what you are going into and why you should go into it.

#### **6.0 TUTOR-MARKED ASSIGNMENT**

You are to identify and discuss various stages in a business plan presentation.

#### **7.0 REFERENCE/FURTHER READINGS**

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## **MODULE 2**

### **Unit 4: EVALUATION OF PLAN BY POTENTIAL LENDERS AND INVESTORS**

#### **CONTENT**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main content
  - 3.1 Evaluation of plan by potential lenders and investors
    - 3.1.1 Who is a potential lender and investor?
    - 3.1.2 Evaluation of the plan's idea
    - 3.1.3 Evaluation of the plan's operation
    - 3.1.4 Evaluation of the plan's Market
    - 3.1.5 Evaluation of the plan's management
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

#### **1.0 INTRODUCTION**

Evaluation of an investment business is an integral part of the business plan. There is the need for assurance for what a business individual is doing. At the same time, there is need for fund providers to have a clear understanding of the business from the idea stage to the evaluation stage.

In this case, the fund providers who are available can only be willing to give out their funds when they have seen a business plan that is feasible. They must definitely be prepared to analyze the situation and appreciate the viability of the business before they can put their cash into the said business.

#### **2.0 OBJECTIVES**

At the end of this unit, you will be able to:

- Define lenders and investors;
- Assess a business plan idea and explain the major drivers to a business;
- Evaluate the operation plan and the market plan;
- Explain the business plan's management and its essences.

### **3.1 EVALUATION OF PLAN BY POTENTIAL LENDERS AND INVESTORS**

#### **3.1.1 WHO IS A POTENTIAL LENDER AND AN INVESTOR?**

A lender in a business plan is a provider of funds to the business .He could be a friend, a banker or any financially capable organization that can simply offer loans for the sake of a business establishment or expansion.

An investor on the other hand, is a fund provider through the purchase of shares or simply becoming a partner in the business. Often time, people buy shares in order to make cash available for a business to be established or an existing business to be expanded.

Note that the existence of the two, make it possible for individuals to go ahead to choose business ideas and even prepare a complete plan for those business ideas to become a reality.

These potential funds providers have to assess the business plan from the idea chosen to the final consumer who serve as the market. It is only when they are satisfied that they can release theirs funds for the purpose of investment business.

#### **SELF ASSESMENT EXERCISE 1**

Define a potential lender and potential investor.

#### **3.1.2 EVALUATE THE PLAN IDEA**

Generally speaking, the fund providers (lenders and investors) are required to know the activities involved in a business from the idea stage to the final stage. They can assess the idea plan by ranking them in order of value.

They should be able to assess the fact that the major driver in generating business idea is the customer, and the major driver in a business plan is the rate of return. They should as well know that the major driver in financials is the viability and sustainability of the business.

#### **SELF ASSESSEMENT EXERCISE 2**

Assess a business plan idea and explain the key drivers to a business.

### **3.1.3 EVALUATION OF THE PLAN'S OPERATION**

This is the stage where fund providers try to assess the effectiveness of the plan in terms of cost and returns relationship or cost benefit analysis. The cost-benefit analysis helps them to identify the best “program planning budgeting system” (PPBS).

Although, it is rightly said that a mistake at the idea stage begins the mistake of the business. We can equally say a mistake at the operation stage gives room for a continuous mistake, thereby, bringing the business to more serious problems.

Thus, they need to be capable to assess all these difficulties particularly when success is the major objective and the major drive at the operation stage. Otherwise, there is no need for potential lenders and investors to fund such business.

### **SELF ASSESSMENT EXERCISE 3**

Evaluate the plan's operation.

### **3.1.4 EVALUATION OF THE PLAN'S MARKET**

The investors or lenders assess the management teams with a thorough knowledge of their target market. If the business has customers that will be meeting a new product, they should include their marketing research data.

If they have existing customers, they should provide an analysis of who they are? What is their purchasing power or habit? These have to be taken seriously. Their buying cycle also has to be clear to the funds providers.

This section of the plan is extremely important because if there is no need or desire for your product or service, there won't be any customers. So the customers serve as good explanation for the business marketability. If a business has no customers, there is no business.

The potential lenders and investors must take note of this section of the plan so that they can have a general description of the market:

- You can have a size of the niche market.
- You can know the niche of the plan and capitalize on and know why.
- You can understand what percentage of the market you can capture?

- What is the growth potential of the market? Will your share of the market increase or decrease as the market grows?
- How will you satisfy the growth of the market?
- How will you price your goods and services in the growing competition market?

A satisfactory assessment of the above factors will enable easy release of funds by the fund providers above. Apart from identifying your customers and refining your opportunities of the identified target customers, you are also to checklist your customers as follows in the areas:

- size of the total market;
- The number of customers in market;
- How many segments of customers to deal with;
- How often do they buy;
- The quantity they buy at a time;
- The timing of their purchases;
- Which customers account for higher percentage of purchase;
- The existing distribution channels.

#### **size of the total market**

The size of the over all market also explains the strength of your market in terms of the customers. If you have a small market, you will definitely be asking why is it so? But with a large market, you can be rest assured of a better future for your business, John, W. (1993), Kayode, M.O.(1979), Little and Mirrless (1974) Little and Mirrless (1974), Lewis, A.(1966).

#### **The number of customers in market**

The number of customers also goes closely related to the above point. But the importance of the number of customers in this lies on what their purchasing power is.

If their purchasing power is low, then is equally as bad as a small number of customers. A mall number of customers with a bigger purchasing may even be better than a very large number of customers with a poor buying power.

#### **How many segments of customers to deal with**

You need to know your customers very well. There are various segments of the customers that must be taken into consideration while planning your business

plan. You have make effective study of all the segments, to avoid mistake and other un necessary loop holes.

#### **How often do they buy**

The frequency of purchases by your customers also determined to a large extent the future of your business. You need to review the frequency of purchases.

#### **The quantity they buy at a time**

The bulk buying activities is another determinant of a good market for your business. You are therefore, advised to study the quantum purchases at a time, in a day, in a week, in a month and in a quarter of a year, or even in a quarter of a year.

#### **The timing of their purchases**

The is their purchases guided by certain major activities that comes at particular periods of the year or is it a total buying throughout the year. Your need to plan to understand all this situation to enable you prepare to face such challenging problems.

#### **Which customers account for higher percentage of purchase**

Customer by customer, you can assess the demand, to plan for the supply. By the time you are able to identify your customers in various ways. And in doing this you plan better.

#### **Existing distribution channels**

The distribution channels must be well defined to show that is a better understanding of the business by the businessman orb woman. There is no doubt that the distribution channels can help to keep one in the business or through away one from it.

You are, according, Dave,N.&Rob, D.(1996), McDonald, M.H.B.(1989), Dowson,J.A.(1979). also to checklist the competition by assessing or finding out

- Who the competitors are
- Their percentage of the market.
- The competitors estimated sales turnover.
- How long have the competitors been in the business.

- How is the market, stable or changing with the entering and leaving of new competitors.
- The competitive edge of the principal competitors.
- Their profitability and efficiency in the market.
- Their rating.
- Are they active or passive in the market place.

#### **SELF ASSESSMENT EXERCISE 4**

Evaluate the market plan of the business and show how you can checklist your customers.

#### **3.1.5 EVALUATION OF THE PLAN'S MANAGEMENT**

The management constitutes the work force of the business. It includes the principal officers and other ranks. In assessing their suitability as part of the plan of the business, the fund providers must assess their:

- Personal history;
- Business background;
- Past experiences i.e. their track records of successes, their interests, education and special abilities.

They have to also evaluate their managerial experience in the type of business as well as their indirect managerial experiences. Again, they are expected to know who will do what and why? And who is responsible for the final decisions?

When all these happened, the lenders and investors will be in a position to commit their resources in the business or not to do so.

The essence of evaluating a business plan is to enable either the business owner or his financiers to know whether:

1. Output target can be reached or not.
2. Identified constraints can be removed or not.
3. Identified beneficiaries can be reached or not.
4. The needs of the majority of the people can be met or not.
5. The expected profit or returns can be achieved or not.
6. There are lessons to be learnt from existing business or not.

## **SELF ASSESSMENT EXERCISE 5**

Explain the business plan's management and its essence.

### **4.0 CONCLUSION**

There is need for a business plan to be evaluated by both lenders and investors before committing their resources into any business. For this reasons, the process should be assessed from the idea stage to the consumer point. By doing this, the chances of success of the business is improved and the ability to remove constraints will be created.

### **5.0 SUMMARY**

We have just discussed the approach in which confidence can be created between the business owners and their fund providers. We noticed that, the business plan have to be evaluated first by lenders and investors to avoid mistakes and constraints. When the evaluation is carried, it provides reasons why funds providers can commit themselves and their resources into such a business idea or project.

### **6.0 TUTOR-MARKED ASSIGNMENT**

- Define fund providers(lenders & investors) and evaluate a business idea and explain the major drivers to a business plan.
- Evaluate operation plan and market plan and how you can checklist your customers.
- Explain a business plan management and its essence.

### **7.0 REFERNCES/FURTHER READINGS**

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## **MODULE 3**

### **Unit 1: INFORMATION NEEDS : OPERATION PLAN INFORMATION CONTENTS**

- 1.0 Introduction
- 2.0 Objective
- 3.0 Main Content
  - 3.1 Operational plan information
    - 3.1.1 The operation plan
    - 3.1.2 Processing stage
    - 3.1.3 Consumer stage
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

#### **1.0 INTRODUCTION**

The operation plan information provides important information on what is involved in production stage activities of the product or service. It involves conversion of inputs into output through a production system.

The essence of this process is to produce or manufacture a product or make provision of a service for public patronage. You need adequate information about where to obtain the necessary items and raw materials as an important part of the production planning process in your business plan preparation.

In other words, all the factors of production must be ready and available to enable a combination of all by the entrepreneur or the business man or woman to bring out a product or service. In doing this, you have to consider several things to facilitate the manufacturing process and you must also rely on several information in the operation in order to achieve success in your business.

#### **2.0 OBJECTIVES**

At the end of the unit, you will be able to:

- Explain the manufacturing process of a product from raw materials to final or finished stage.

- Analyze important information required at the consumer stage.

### **3.0 MAIN CONTENT**

#### **3.1 OPERATIONAL PLAN INFORMATION**

##### **3.1.1 THE OPERATION PLAN**

The production plan shows the various stages involved in the manufacturing of a product or provision of a service. Normally the plan must stem from the idea stage where the product idea is conceived.

Of course the operation stage is the processing stage where raw materials and other factors of production are brought together for the purpose of giving birth to a good or service. Every product usually has its production processes or procedures from raw materials to finished goods or services.

As part of the plan of the business operation, you need a clear information about a number of factors if you are to succeed. For instance, information on the size, location, safety, expansion possibility, facilities and permission, to make use of certain premises and other benefits you will wish to enjoy. Certainly a very peaceful environment whose premise is free from volatile activities.

#### **SELF ASSESSMENT EXERCISE 1**

Examine the operation plan environment.

##### **3.1.2 THE PROCESSING STAGE**

Now that you have the opportunity to sell your idea to the public, what resources and processes are necessarily needed to get the product or service to the market? You can search for information on what equipments you need and how current and affordable are they to get the product produced?

To get the manufacturing or processing at the right time activities on the routine line, you must address the issues of what are, when will and how can the raw materials needed be purchased, organized, and delivered at the right time? You equally have to address the question of what type of labour, how much of such labour do you require?

For you to successfully achieve the above objectives you must deal with the factor that influences the design and layout of the business and its equipments. You need

to know the information on skilled and unskilled labour available, full time and part time labor supply to match or fit your production turning.

It is this labour that will be combined with other factors of production to bring out outputs through the use of such inputs like raw materials, equipments, to result to products ready for consumption. This section of the work describes the manufacturing, purchasing, staffing, equipments, raw materials required for your business.

The manufacturer uses raw material and parts derived from other industries and most products involved several stages of the production.eg. food, drinks and tobacco manufacturing industries.

## **SELF ASSESSMENT EXERCICE 2**

Examine the production process of a product from its idea stage to final stage.

### **3.1.3 THE CONSUMER STAGE**

You are expected to build your business by describing clearly your customers as well as your vendors. Thus, you are to ask questions such as, do I have current relationship or do I need to establish new ones? Who will I choose, and why? Richard,M.S.and Wilson,C.G.(2003).

- The product information: It is important to disseminate information about the competitive advantage of your product or service over other products. Tell why you are entering the market? Also say why there is need for you to offer your product or service.
- Provide information about any patents, copyrights and trademarks of the company currently owns or has applied for and explain the protection the company has secured.
- Provide information about the barriers in bringing the product to the market, such as government regulation, competing products, high product development costs and needs at the raw material level.

From the above analysis, you can identify who your market is, explain your strategy for reaching the market and distributing the product or service. Note that

potential investors will look at this section carefully to be sure that the business is a viable one through the method of reaching your target market at any given price and time, Dave,N.&Rob, D.(1996).

You need to analyze your competitor's marketing strategies to know how to reach the market or customer. If their strategy is working, you consider adopting a similar plan.

You need to create innovative plan that will position your product or service positively in the minds of your customers. Your target will also be to penetrate the market by selling more to existing market and to increase sales volume to make profit rapidly by developing new market.

Hence, you can apply marketing variables plan such as price, promotion, distribution and product quality. You can introduce a single niche strategy, multiple niches or mass strategy. The multiple niche strategy refers to two or more comers of your target market as against a single target market or mass market targeting, Christopher, M. and McDonald, M.(1995), David, H. B.(1992), Kotler, P.(1991).

Your plan's market strategy will therefore, consider the following questions:

- **How will your product be introduced?**

What strategy will you adopt in introducing your goods or products in the market? You should state it clearly. Otherwise, nobody will know that your product exist at all.

- **Your product will be in what size?**

Tell us the size of your product as this is necessary for the category of customers that you will be dealing with.

- **In what form will your product be?**

You should be very open as to the form in which your product will come. So that it does not look like the product of another company.

- **What is the behavior of your target market?**

The behaviour of your target group must be analyzed. Their interest studied. If it is a youthful group, old group or gender sensitive approach, you match every analysis for a good conclusion.

**How will you position your product against those already available in the market?**

Your ability to prepare and face your competitors in a peaceful business atmosphere is important.

- **What sales volume do you want to achieve?**

The sales volume target should be at the back of your mind for the purpose of effective planning.

- **What share of the market do you hope to capture?**

You are to struggle to control a very good section of the market if you are remain in the business.

- **What profit are you looking at in your business?**

The nature of the profit determines your interest. You may not remain in the business if it is only a fashion show thing. It has to be a serious business and not doing it for doing sake.

- **Your plan is over what period?**

What is your plan for? A plan for profit making ? or a plan for name making? In either case, you should define it well.

**How do you intend to achieve this?**

The method you intend to use to achieve these objectives should not be a hidden thing to you.

**SELF ASSESSMENT EXERCISE 3**

Discuss the strategies of your market at the customers stage.

**4.0 CONCLUSION**

Your operation plan information according to, Dave,N.&Rob, D.(1996), Lucy, S.M. (2009). will prepare you on:

- How you can manage production cost.

- How you can organize the product research.
- How you can produce economically.
- How you can produce and sell immediately.
- How you can keep your product in the market.
- How you can increase your product in the market.
- How you can embark on successful sales during boom.
- How you can produce the product that customers want.
- How you can train staff.
- How you can find the right product in the market.
- How you can be No.1 product provider in the market.
- How you can manage your product distributors.
- How you can sell your product in large quantities

The operation stage of the plan is no longer information alone, but an action stage that every businessman wants to reach. It provides the final product ready for consumption and ready for a price which is the largest of the business investment. It requires the combination of all factors of production that are capable of giving a complete system that result in outputs.

## **5.0 SUMMARY**

You have just studied the operational plan information which explains the process of the production of good and service. It involves so many things from the idea, raw materials and other inputs that are combined to bring out a product for the final consumer called the customer.

## **6.0 TUTOR-MARKED ASSIGNMENT**

- Examine a product manufacturing process taking note of the stages required.
- Give an analysis of important information at the consumer or customer stage of the process.

## **7.0 REFERENCES/FURTHER READINGS**

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## **MODULE 3**

### **UNIT 2: INFORMATION NEEDS: MARKETING INFORMATION**

#### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Information needs: Marketing information
    - 3.1.1 The marketing plan
    - 3.1.2 The marketing audit
    - 3.1.3 Problem with marketing plan
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

#### **1.0 INTRODUCTION**

Information is an important and integral part of the business plan. It provides the alert and prepares the individual business owners by putting them in better position to analyze so many aspects of their business plans.

A lack of information can be as bad as failure against success. This information on marketing plan, advertising plan, operation plan and internet information plan provides a vital role in the success of a business venture.

Thus, the likes and the dislikes of customers and their expectations, needs to be studied to guide against a market crash. You must identify your customers by age, sex, income, educational level and residence.

The fundamental thing is that, information is an important guide in every type of planning whether it is customer based or funds providers based. We shall in this unit examine information that concerns marketing.

#### **2.0 OBJECTIVES**

- Define a marketing plan.
- Explain a market and marketing information.
- List some problems with marketing plan.
- Outlined some marketing audit information.



### **3.0 MAIN CONTENT**

#### **3.1 MARKETING INFORMATION**

##### **3.1.1 THE MARKETING PLAN.**

By definition, marketing is seen as a process of discovering and assessing customers' needs. In other words, it is the anticipation and fulfillment of a business need-profit.

Hence, for better profits, a business owner must discover and meet the needs of its customer. This is only possible when he has the right information both internally and externally concerning him.

The internal information might be in filing cabinets and some might even be outdated and does not tell how a business can be threatened by competitors or other factors. While the external information which is made up of published materials that have been collected by someone is called secondary data which enhances a company's existing marketing structure. Information can be analyzed, evaluated and strategy reviewed.

A marketing plan must tell you how the product can be reached and the 4 Ps of marketing i.e. product, price, place and people can be adjusted to. This can provide projected earnings and cost, cash flow projections and projected balance sheet.

##### **SELF ASSESSMENT EXERCISE 1**

Define a marketing plan and explain its importance as an information source.

##### **3.1.2 THE MARKETING AUDIT**

It is defined as a systematic and periodic examination of a company's environment, objectives, strategies and activities to determine problem areas and opportunities. In a given market situation, the planner shows the size in total and segments due to information he provides about the market, product performance, competition and distribution.

The marketing environmental audit provides very important information that will guarantee a successful encounter in your business endeavour, Dave, N. & Rob, D. (1996), Richard, M. S. and Wilson, C. G. (2003). For instance it provides:

- The macro environment;
- The task environment;
- The marketing strategy audit;
- The marketing organization audit;
- The marketing system audit;
- The productivity audit ;
- The marketing function audit.

The macro environment tries to provide information about demography, economic, natural factors, and political questions, technological and cultural ones. Example;

1. Demographic trends that tend to pose threats and opportunities are studied.
2. Developments in income, prices, savings and credit that can impact on a company are also studied.
3. The costs and availability of natural resources of a business are also addressed.
4. What are the technological changes occurring to a business.
5. The political aspects tries to address the question of laws that affect the company's strategies currently.
6. Culturally, the public's attitudes towards your business must be understood.

These are areas in which information is needed in the macro environment of marketing.

- For the task environment, markets, customers, competitors, channels, suppliers and publics are examined below, Aaker,D.A.(1995), Dave,N.&Rob, D.(1996)..

- 1 What is happening to your market size, growth, distribution and profit?
  - 2 What are the larger segment?
  - 3 What is the rating of your business by your costumers in terms of product quality, service and price?
  - 4 Who are the major competitors?
  - 5 Which are your major channels used by the business distributed to customers?
  - 6 Have the key public that provides opportunities or problems been studied?
  - 7 Who are the major suppliers and how do they affect the system?
- The marketing strategy audit addresses the following, Kotler,P.Gregor,W.T.and Rodgers,W.H.(1977), Baker,M.J.(1996), Dave,N.&Rob, D.(1996), Richard,M.S.and Wilson,C.G.(2003):
    1. **Mission:** Is it clearly defined?
    2. **Objectives:** Are there clear objectives to guide marketing planning performance?
    3. **Strategy:** You need to find out if the company has a marketing strategy to achieve its objectives?
    4. **Budget:** Is the budget of the company sufficient to satisfy the plan?
  - Marketing organization audit responds to the following areas:
    1. **Formal structure:** Does the chief marketing officers have adequate authority over all activities?
    2. **Functional efficiency:** Do marketing sales and other staff communicate effectively? are your staff well trained and educated?
    3. **Interface efficiency:** Do your staff work well across functions?
  - The marketing system audit is concerned with marketing indigence system by providing you with accurate information about development and marketing research effectiveness.
    1. **Planning system:** Whether your business prepares annual long-term strategic plan and used it or no.
    2. **Marketing control system:** Are your objectives of the annual plan achieved?
    3. **New product development:** Does your business gather and generate new ideas? what of market testing and new product setting.

- The productivity audit addresses the question of profitability analysis and cost effectiveness analysis and whether your business should expend or not
  - The marketing function audit addresses the questions of price, product, distribution, advertisement, sales promotion publicity and sales force for Instance
1. Should some product be phased out and others added?
  2. What are the pricing policies objectives strategies or procedures? Are they used well?
  3. How are your distribution strategies? Should they be changed? Or add new ones?
  4. What are your business promotion objectives?
  5. How is your budget determined? Are your advertisement message well developed and received?
  6. **Sales force:** What are your business sales force objectives? Is your sales force large or small? How is your sales force rated to those other competitors?

## **SELF ASSESSEMENT EXERCISE 2**

You are to outline some marketing audit information.

### **3.1.3 PROBLEM WITH MARKETING PLAN**

Generally, you will notice that the problem with marketing plan comes up as a result of the following, Baker,M.J.(1996), Dave,N.&Rob, D.(1996):

1. Lack of enough support from the chief executive of management or the business.
2. You have too little support from line managers.
3. Your confusion from over planning terms.
4. Your failure to integrate marketing plan into overall planning system.
5. Planning task is left for a planner who fails to involve those who are also managers of the business.
6. Members sometimes are used instead of you writing the plan.
7. Because of emphasis on too few details.
8. Lack of plan for planning leading too few managers understand how your plan will build up and how the result will be used.

### **SELF ASSESSMENT EXERCISE 3**

List some problem with the marketing plan process.

#### **4.0 CONCLUSION**

The marketing information needs can be reached when you are able to research and audit information in so many ways for use. Information needs is vital for the survival of a business plan particularly as it affects marketing. Therefore, for you to have confidence in what you are doing as a business, you need to internalize all the difficulties involved, for the sake of the survival of your projects, Aaker,D.A.(1995).

#### **5.0 SUMMARY**

You can see that in this unit, we have analyzed the marketing plan by embarking on business activities in marketing a product or a service that will yield excess rewards only when the right information is obtained at the right time. In other words you have to search and vet information for use in your business plan action.

#### **6.0 TUTOR-MARKED ASSIGNMENT**

- You are to define a marketing plan and explain the relevance for information to your business.
- List the problems of markets.
- Outline the marketing audit information that will facilitate the growth of your business.

#### **7.0 REFERENCES/FURTHER READINGS**

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## **MODULE 3**

### **Unit 3: INFORMATION NEEDS: ADVERTISING INFORMATION**

#### **CONTENT:**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Contents
  - 3.1 Advertising information
  - 3.1 Definition of advertisement
    - 3.1.2 How to advertise a business product or service
    - 3.1.3 Why advertising is important information needs
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

#### **1.0 INTRODUCTION**

Having a good product or service and not advertising and promoting it is like not having a business at all. Many people or business men and women operate under the mistaken concept that the business will promote itself. And such they channel money that was meant to be used for advertising and promotions to other areas of the business such as electricity, water bills and other areas of the business economics. But advertising is the life line of a business.

#### **2.0 OBJECTIVES**

At the end of this unit, you will be able to:

- Define advertising, what role can management perform to yield success in advertising;
- Analyze how advertising can be carried;
- Explain why we need to advertise.

#### **3.1 ADVERTISING INFORMATION**

##### **3.1.1 DEFINATION OF ADVERTISING**

A process or procedure of telling people (Customers) about a product, Job or Service in order to encourage them to buy or use it. Advertising makes a product or service known by a large number of people by exposing its advantages and benefits to potential customers. Therefore advertising facilitates the distribution or sales of goods and service.

There are two distinct type of media advertising for small businesses. The directories and trade listing which are permanent references that outline the products or service offered by firms and which can be consulted by potentials buyers. This has improved a lot with the advancement in telecommunication e.g yell.com which is an online directory.

The second one is the press, radio, television or web site advertising. Small businesses has these range of media to advertise on. They have been used and it has yielded the desired results. If you have discovered new sources of potential customers, your duty is to communicate and motivate them to buy your product or service.

It is believed that a good management can give a good advertising result than a creative genius. His ability is that, he can extract from the effort of others and not necessarily to create advertisement by himself.

Note however that, advertising should not be viewed as a miracle cure which can instantly create sales. There are certain situations that cannot be saved at all. Proper performance of advertising depends on four basic functions of management, John Wilmshurst (1993). They are:

1. Identify long-term objectives.
  2. Define short-term goals and priority.
  3. Assemble resources.
  4. Schedule products.
- The management can tell where it is now and where it wants to be. It has to research into the priorities of the buyers of the product or service.
  - The management can also try to address the question of what it can do today for the sake of tomorrow, next week etc. How soon can it be done?
  - The management must respond to the questions on the agencies that have experience in their field, copy writers, artists and photographers available, which printers should handle the job. Strong advertising managers have so many options to select from.



- A good advertising manager must prepare his written advertising plan starting with a long-term objectives and must also detailed his information about each advertisement e.g

Where it's going to run.

When it's going to run.

What size it's going to be.

How much it's going to cost to prepare and run the advertisements.

### **SELF ASSESSMENT EXERCISE 1**

Define advertisement and explain the role of management in the success of advertising.

#### **3.1.2 HOW TO ADVERTISE A BUSINESS PRODUCT**

For success to be achieved in advertising, the right message must be placed in the right media. All your creative effort in advertising will be a waste if the advertisement is not seen, read or heard by potential buyers, John Wilmshurst (1993). You will require the knowledge of the media for which your prospective customers will be informed of the product or service you are offering to them.

We therefore have the following options of media for which you can make your adverts, Dennes,H.G.(1973), David, H. and Andy, B. (1992), David Stockes Nicholas ,Wilson (2006):

##### **1. Print media:**

The print media is tangible. This one of its main advantage over others. It refers to either newspaper or magazine advertising .It offers fairly accurate circulation information.

##### **a) The news papers advertising:**

They include local and national newspapers with huge readership. Your choice of the newspapers depends on the product or service usage or need. There will be no point advertising a product that needs local consumers in a national newspaper and vice versa. Thus, you will be better off if you

research into the newspapers that are widely read or highly locally read also.

b) **Magazines:**

There are different types of magazines ranging from “economist, business digest down to the mirror”. They permit you to target your market because they pay more attention to advertising products or services, you will notice that they are printed on better quality papers with illustrating pictures to capture the allegiance of the public and customers at least.

2. **Broadcast advertising media:**

This refers to radio and television advertising media. They communicate quickly with a great number of potential buyers of the product or service.

a) **The radio advertising:**

You can advertise from local radio station to **(BBC)** British Broadcasting Corporations or cable network news **(CNN)** etc. A radio advert unlike the print media uses very good music's, captivating statements to capture the interest of listeners in such a way that they are attracted to the product or services.

The frequency is another big advantage of advertising in the radio. Added to this is the fact that most homes listens to radio most of the critical times in the mornings or evenings as well as the cars, aeroplanes while travelling far and near.

b) **The television advertising:**

The television offers the ability to add movements to your advertising. You can listen to the music and watch the movement which shows active advertisement that applies to the most of the human senses.

You are also able to reach a high target audience on television which shows a capacity to reach a large chunk of customers on television than on the rest of the media due to their ability to demonstrate the level of production performance or service utility.

### 3. **Direct mail advertising:**

The direct mails offer another opportunity for businesses to expand. The direct mails include e-mails business which has become increasingly popular in the world today. They sell specific product and it is a form of advertising that is particularly relevant to small business. The relationship is such that, David, H. and Andy, B. (1992), David Stockes Nicholas ,Wilson (2006), Dennes,H.G.(1973):

- Direct mail is targeted by small business.
- Direct mail results can be quantified.
- The quality of the mailing list is crucial e.g. the list can be compiled from a number of sources; this list can be purchased or rented, and it can be geographically designated simply by the hand delivery of mail shots to specified streets or business areas.
- Direct mail can be a fragmented and time consuming promotional method.
- Response rates from direct mail are usually very low, often less than two or three percent.

From fax to internet, a lot of businesses including employment can be translated effectively. Notice that adverts for employments are all over in the internet. Invitations for interview are done in internets. Again, examinations and interviews are done in internet today.

Infact, admissions letter into foreign universities and employment letters are received through internet. Several products ranging from households, to cars, clothes, and equipments are advertise and sold through internet as a media e.g ebay.com etc.

### 4. **Leaflets and posters:**

The release of pamphlets, leaflets, posters to advertise products have helped in the promotion of products, thereby, expanding their markets in terms of the

customers or buyers reached. It has become a good media for advertising profession to exploit in recent time.

### **SELF ASSESSMENT EXERCISE 2**

Analyze how advertising can be done.

#### **3.1.3 WHY ADVERTISING IS AN IMPORTANT INFORMATION NEED**

Advertising is a promotion process that creates market for products and services. Many businesses grew to their present stage or status of development due to effective advertising policies. Thus advertising have the following advantages according to David, H. and Andy, B. (1992), David Stockes Nicholas ,Wilson (2006), Dennes,H.G.(1973), John Wilmshurst (1993), Mark,L.&Jack,P.(1975), Mark,L.&Jack,P.(1975), Roy,P.N.(1973).

1. Advertising promotes the value of a product or service.
2. Advertising provides income for the media houses.
3. Advertising provides employments for the media houses and provokes expansion in the business companies.
4. Advertisement enlarges the number of buyers vis-a-vis the number of customers and therefore, the number of consumers.
5. Advertising makes the products or services well known.
6. Advertising has helped in globalizing products all over the world through internet.
7. Advertising has become the easier sources of marketing products and promoting such products into the minds of their users.

Generally, advertisement helps to change the taste of buyers favorably towards the products or service been advertised. It has often resulted in a booming marketing activities that brings about the development of the product or service and vis-a- vis the business company and their owners and thereby, helping to lift the economy and making the people better off.

### **SELF ASSESSMENT EXERCISE 3**

You are to explain why you need to advertise your product or services.

#### **4.0 CONCLUSION**

Advertising as a business strategy is a marketing process that yields result when dealing with customers or buyers of a product or service. It has re awakened the

value of product, thereby, keeping them alive or even bringing them (dead product) back to life, David, H. and Andy, B. (1992). You are therefore advised to advertise your product or service as it is an important way of creating market through higher demand and quick positive result.

## **5.0 SUMMARY**

We have just learnt in this unit the concept and definition of advertising, the media for advertising and the value of advertising a product or services. We have equally seen that with advertising both the individual producer, the individual consumer and the government both local and national stands better chances to be better off than worse off, which indicates the existence of a pareto – optimality theory which says that one can make himself better off without making others worse off.

You can spend your money for adverts but that may not make the business worse off. Instead, the business will develop faster and progress faster and succeed faster.

## **6.0 TUTOR-MARKED ASSIGNMENT**

- You are to define a marketing plan and explain the relevance for information to your business.
- List the problems of markets.
- Outline the marketing audit information that will facilitate the growth of your business.

## **7.0 REFERENCES/FURTHER READINGS**

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## **MODULE 4**

### **UNIT 1: MEASURING THE BUSINESS PLAN PROGRESS**

#### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Measuring business plan progress
    - 3.1.1 Reviewing the business plan
    - 3.1.2 Risk assessment
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

#### **1.0 INTRODUCTION**

Every business plan has some objectives to achieve. These objectives have targeted time for them to be achieved. Their achievement indicates progress and success. Failure to achieve them shows no success in the business. It is necessary for you to set a target with boundary or limits. So that your profit margin or production level or capacity must be reached before success can ever be pronounced.

Thus, a business plan must be clear on what it has set out to achieve. The measurement of progress must begin from the idea stage down to customer level. There is a progress only when the idea chosen yields positive result. Otherwise, consider the business a failure and therefore not successful.

#### **2.0 OBJECTIVES**

At the end of the unit, you will be able to:

- Review a business plan to see whether it is on target or not.
- Tell whether the business plan objectives has been achieved or not.
- You are asked to address some relevant questions concerning the survival of the business.
- Identify and explain the risk areas in your business.

#### **3.0 MAIN CONTENT**

### **3.1 MEASURING THE BUSINESS PLAN PROGRESS**

#### **3.1.1 REVIEWING THE BUSINESS PLAN**

- **The Idea**

A review of the business idea will show whether it was rightly chosen or not. If it was the right idea or product, then progress is recorded. Otherwise, it needs to be reviewed or changed with another business idea.

If it means changing your idea entirely and going into a new one to avoid total collapse or wind-up, you should still give it a consideration. If however, the problem has to do with other factors, then, you try to refill the gap or vacuum left to realize your business plan dream.

- **Product**

You assess the level of production in terms of output to see if the targeted output vies-avis profit has been achieved or not. Otherwise, you change your method of production and other factors of production.

If the level of output is low, you try to find out why? Could it be as a result of low production of the employees? Could it be caused by raw materials shortages? Find out and try to adjust by filling the gap to realize your objectives of output target.

- **Finance**

Has your finance been enough? Or have your sponsors failed you in terms of funds? You need to move stronger for search of funds providers to enable you meet your expected objectives. Financial data in terms of balance sheet, break-even analysis, income statement and cash flows as well as present value analysis and internal rate of returns are also relevant for this measurement process.

- **Management and Personnel**

Are your staff working as a team? What would happen if they fail to produce results? You will have no option than to sack some of them and hire more efficient personnel to enable you achieve your objectives? Dave,N.&Rob, D.(1996)David,S & Nicholas.(2006), Jauch,L.R.& Glueuck,W.F.(1988).



Your staff must address the following questions. Why do we need to work together? eg to set clear objectives, to manage time, and to make better decisions. Note that the success of your business can often be measured by your employees performance. It is often said that seventy percent(70%) of your consumers will go elsewhere if they don't receive prompt and courteous service. So you have to measure your current staff needs, their skills, their job description, their salaries etc.

To be successful in reviewing your business plan, a times, you will have to use quantitative techniques and other cost benefits analysis. When you employ such techniques including statistical techniques risk analysis and estimation, you will be able to get result and to assess your level of progress or failure, Greenhalgn,C.(1986), Little and Mirrless (1974). David,S & Nicholas.(2006), Jauch,L.R.& Glueuck,W.F.(1988).

Generally, to be able measure or review your business plan progress, you will have to look at your business plan objectives which you have established in the plan and subsequently changes that you to make in the objectives.

You can list the objectives that you need to achieve at a given time. If any of the objectives have not been achieved, you try and work out why?

- Will you need additional resources to get the plan back on target?
- Do you need to alter the time of the business plan?
- What will be the consequences of the increasing resources on your business plan?
- Are there expected objectives that have been achieved?
- What new decision do you need to make on your business plan?
- When should your next review of the business plan take place?

These are questions that matters in examining the state of the business whether it is progressing or not? Whether it is on any profit or not? The business reviews, Dave Aaker,D.A.(1995), Dave,N.&Rob, D.(1996):

- Provides the context of the business.
- Identifies trends and changes in the industry.

- Looks at competition, key players and other critical information that may impact the business.
- Look at critical success factors.

### **SELF ASSESSMENT EXERCISE 1**

Make a review of your business plan and see if it is on target or not.

You can tell whether the business plan objectives have been achieved or not and whether some relevant questions on the survival of the business has been addressed or not?

### **3.1.2 RISK ASSESSMENT**

What kind of risk have you been able to identify that is applicable to the business? And how will such risks be integrated? Is the risks identified in the following areas?

- Poor research?
- Poor planning?
- Competitors' reaction?
- Weakness in marketing?
- Weakness in production or management?
- Changes in technology?
- A local crisis or unrest by civilians?

These areas of risks can affect business negatively and prevent progress in the business. You have to find ways of replacing these constraints to progress or success with incentives that will change the whole style of the business which you have planned? You can evaluate new opportunity by first of all considering the following sequence, Dave Aaker,D.A.(1995), Dave,N.&Rob, D.(1996):

- You set your research objectives;
- You find out more also about your customers;
- Find out more also about your competition;
- Again you find out more about the environment;
- You can summarized as an initial evaluation of the opportunity.

You can equally checklist the business environment by asking specific questions such as:

- What are the boundaries of your target market;
- What are your social trends of the market;
- The political factors of the target market;
- The economic factors of the target market;
- The technological trends of the market;
- The demography of the market;
- Key external influences of the market place in the next few years to come;
- How the influences affects the competition.

Assessing the market, customers, environment and the business idea provides vital information for the plan writer to produce a plan that will result to success or progress of the business, Dave Aaker,D.A.(1995), Greenhalgn,C.(1986).

## **SELF ASSESSMENT EXERCISE 2**

Identify and explain the risks areas.

Outline the procedures to checklist your environmental factors.

## **4.0 CONCLUSION**

We can conclude that measuring business plan is important because it will help in changing decisions about wrong plan strategies that have earlier been taken. The changes have to be, because progress is paramount in our business life.

## **5.0 SUMMARY**

You will see that in this unit, progress and/or success is our concern. To achieve this, we have to review the entire business plan from the idea stage to the final stage which is the customer or marketing stage to enable new recommendations to be made.

## **6.0 TUTOR-MARKED ASSIGNMENT**

- You make a review of your business plan and ensure the achievement of its targets.
- Say clearly whether the business objectives have been achieved or not.

- Identify and explain your business risk areas and outline the procedures to checklist your environmental factors.
- You are to address some relevant question in your business.

## 7.0 REFERENCES/FURTHER READINGS

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## **MODULE 4**

### **Unit 2: UPDATING THE BUSINESS PLAN**

#### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Updating the Business Plan
    - 3.1.1 updating the Business plan Stages
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

#### **1.0 INTRODUCTION**

When you start up a business, your wish is to continue to record success. Several factors may cause the wearing and tearing of the equipments, labour changes, and other methods of production as well as financial requirements for possible expansion or change of method from the initial business plan to a reviewed and updated one, Dave,N&Rob D(1993).

You may wish to review and update your business plan monthly, quarterly or yearly to improve on the value of your business. This process creates a long-term strategy for your business to succeed. In other words, the business plan updating process is detriment to business plan success and should be taken serious by business men and women.

#### **2.0 OBJECTIVES**

At the end of this unit, you will be able to:

How do you sustain your business plan idea?

Identify and explain reasons for keeping your business plan up to date.

#### **3.0 MAIN CONTENT**

##### **3.1 UPDATING THE BUSINESS PLAN**

###### **3.1.1 UPDATING BUSINESS PLAN STAGES**

The process of reviewing and updating a plan starts from the idea stage to evaluation stage is a necessary condition for every business plan to follow if you

have to remain in business. Doing these amounts to reviewing the objectives set in other to know if the objectives of setting the business are achieved or not.

You will recall that the main aim of preparing your business plan is to achieve your targets of setting the business or choosing that particular business plan or idea. Where there seems to be a failure, you ask yourselves several questions as to why things are happening in that direction? Or why are there such failures or difficulties. You are expected to try and respond to problems immediately by adjusting them quickly to conform to the present reality on ground.

The concept of updating a business plan is such a system that explains a homework that may not end as we sometimes think. It involves revision of the whole business plan and the process of production of a product or a service. Thus, the following suggestions are necessary in your business plan update, Dave,N&Rob D(1993), Kayode, M.O.(1979):

- After reviewing your business plan achievements at a time, you update it immediately;
- From your internal and external analysis, you can understand your “Strengths, Weakness, Opportunities and Threats (SWOT),” You can update your business plan effectively;
- On the financial aspects, you need to appreciate your financial constraints, so that you can work out new modalities to solve them. You can expand your sources of finance as a form of update of your financial requirement to sustain your output level objectives.

### **SELF ASSESSEMENT EXERCISE 1**

How do you sustain your business plan?

### **3.1.2 WHY UPDATE THE BUSINESS PLAN?**

There are several reasons why you must update your business plan but we shall try to analyze the followings:

- The changing markets;
- The emerging new products or services;

- The need for more funds;
- New management;
- The new fiscal year;
- Hitting new highs.

1. **The changing markets:**

The business plan as a road map is something that you will have to accomplish in your business. Although, your goals and the business climate you operate in might change. You need to adjust accordingly. The market climate might therefore change.

This changing situation may be new opportunities for you to seek your product quickly and this has resulted in achieving your goals faster, you then need to establish new goals. If however the original goals could not reflect the current market conditions accurately, either way you need to make the necessary changes, Elisa, B. (2009). Dave,N&Rob D(1993), Kayode, M.O.(1979).

2. **The emerging new products or service:**

If there is a new product or service that you have discovered, will have a dramatic change on your business which is not in your current business plan, there is no point wasting time, you update it.

3. **The need for more funds:**

Some writers would say ‘‘Have a monthly review of the difference between your planned result and the actual sales, profit, balance and cash,’ this task will enable you to approach investors or lenders to borrow money to update your plan.

4. **New management:**

As a business continues to evolve, the business plan becomes a reflection of its personnel, mission and philosophy. If reality about the management

is a negative one, and you will have to overhaul your management team to give room for new staff.

Then you should note that the business plan was not only written for you, but for your key people in the management. It is therefore necessary for you to be conscious of this situation.

**5. The new fiscal year:**

Keeping your financial objectives in mind, it is important to set your new business goals at the beginning of the year.

**6. Hitting new highs:**

If there are some significant events that happened to your business, one important event that you have to keep in mind is updating your business plan.

Updating a business plan implies giving the business a new life with better insurance and for better outcome. This has to be done after you are convinced with a thorough review of the scenario.

**SELF ASSESSEMENT EXERCISE 2**

Identify and explain reasons for keeping business plans updated.

**4.0 CONCLUSION**

Since planning requires looking ahead into the future, you must ensure that the business has every resource it needs. You must therefore direct and manage your staff well and harmonise all activities to achieve successful results at the end making sure that everything happens the way they were planned.

Thus, Planning, Implementation and Evaluation Stages (PIES) must be reviewed. And it should be updated in all facets if you have to sustain the business and remain in it.

**5.0 SUMMARY**

We have learnt in this unit, the issue of keeping our business up to date in all aspects of development and production of our goods or services for the reason, we have analysed how and why to sustain the business. We are operating with changing



market scenarios, it is important that we change our strategies also to conform with our set out goals and objectives.

#### **6.0 TUTOR-MARKED ASSIGNMENT**

- How do you sustain a business plan and what are the reasons for updating our business plans?

#### **7.0 REFERENCE/FURTHER READINGS**

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## **MODULE 4**

### **Unit 3: CAUSES OF FAILURE OF SOME BUSINESS PLANS**

#### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 The causes of failures of some business plans
    - 3.1.1 Poor Planning
    - 3.1.2 Poor financial planning and research
    - 3.1.3 Poor Marketing
    - 3.1.4 Poor Management
    - 3.1.5 Wrong Motivation
    - 3.1.6 No Mentorship and lack of Experience
    - 3.1.7 Inadequate goals setting
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

#### **1.0 INTRODUCTION**

Most people start their business for a variety of reasons. To some, a bright idea pull their attention. To others, unemployment drags them into the business so as to survive.

While, to others, it is to make their contributions to the development of their communities and many other reasons. Many of such businesses have been set up and flourished. To some of them, the simply crashed briefly after they were set up.

We have been discussing procedures that will lead a business man or woman to succeed and progress in their businesses following effective business plan ethics and processes. In this unit, we shall try to examine the causes of failures of beautifully planned business ideas that were set up for some good reasons which later on failed. Some of the common causes of this failures are poor planning and the nature of the environment.

## **2.0 OBJECTIVES**

At the end of this unit, you will be able to:

Identify and discuss the following factors as causes of failures in business plans.

- a) Poor planning.
- b) Poor financing and research.
- c) Poor marketing.
- d) Poor management.
- e) Wrong motivation.
- f) No mentorship and lack of experience.
- g) Inadequate goal setting.

## **3.0 MAIN CONTENTS**

### **3.1 THE CAUSES OF FAILURES OF SOME BUSINESS PLAN**

#### **3.1.1 POOR PLANNING**

It is believed that many businesses fail because of lack of proper planning. People just jump into businesses without planning as if it were an auction business. The lack of a road map for a business show that you do not know where you are going to.

You may know what you want to get, but you do not know how to get there, and get it. It goes with the saying that, when you refuse to plan or plan poorly, you are sure of being on a part of failure. The purpose of planning is therefore, to impose a degree of structure upon behaviour by allocating resources in order to achieve the business objectives. The planning process consists of the following, Dave,N&Rob D(1993):

#### **1. Lack of evaluation**

You need to know where you are now? Where you want to go? What resources you have that will take you there. When this is not done, failure is certain and this results in failure to success.

#### **2. Lack of strategies and tactics formulation**

You need to know how you are going to get there. When your strategy is deep and far reaching, then what you will gain by your calculation will be much so you can win before you even fight and when your strategies thinking is shallow and near

sighted, then what you will gain by your calculations is little hence, you lose before you do battle.

Make a clear strategy on what you want to get and how you intend to get it. Lack of strategy and necessary tactics creates atmosphere for failure. Hence, you need to plan in this direction.

### **3. Lack of detailed planning**

You need a clear business plan showing every stage and process of your business endeavour. Otherwise you are bound to fail and progress and success eluded. Where you failed to do this, you are already on the part of failure. And this is a major cause of failure in business.

### **4. Lack of implementation and review**

You should know that the implemented business must undergo reviews from time to time to allow a process of updating the business plan. Thus, if the planning is poorly done, it will definitely cause the failure of your business.

You need to avoid half way planning or jumping into a business without a business plan at all. Many business men and women have suffered from lack of implementation and reviews of their investment projects because of the poor attention to this particular issue of the planning process.

## **SELF ASSESSEMENT EXERCISE 1**

Discuss poor planning as a cause of failure of your business plan.

### **3.1.2 POOR FINANCIAL PLANNING AND RESEARCH**

Lack of a sound financial planning and research as well as lack of understanding the uniqueness of financial dynamics or changes of your business can lead to failure in any type of business. You should make a financial plan that will consist of all the financial requirements for operating your business. For instance, your plan should allow for the following experiences, Dave,N&Rob D(1993):

- Personnel cost i.e the cost prior to the opening of the business
- Occupancy
- Equipments
- Accounting

- Income
- Licenses/Permits
- Legal/Professional fees
- Insurance
- Supplies
- Advertising /Promotions
- Salaries/Wages
- Utilities
- Payroll expenses

If you decide to ignore these important aspects of the business plan, you will actually be ready to crash land. It doesn't make any sense, when you refuse to consult with experts in financial analysis and even funds providers for the sake of rolling your business. You therefore, must avoid poor financial planning beginning with banking arrangements and other sources of funds or lenders and investors.

Lack of financial planning and research is a calamity because it will not provide the basic requirements for your business to flourish and progress. A sound financial management is one of the best ways for your business to remain profitable and solvent. How well you manage the finances of your business as the cornerstone of a successful business venture.

So you must have a financial plan to avoid these causes of failures of your business. In other to take care of this, you have to take note of other forces such as government, employees, suppliers, banks, other financial partners, competitors and new competitors.

## **SELF ASSESSEMENT EXERCISE 2**

Discuss poor financial as a factor that can cause the failure of a business plan.

### **3.1.3 POOR MARKETING**

You must be able to communicate your business idea to the right people and understand their unique needs and wants. It involves taking the initiatives, actions and decisions that will ensure that what is produced is not rejected or abandoned. Poor and lack of strategic marketing planning may occur as a result of the followings, Dave,N&Rob D(1993):

- A chief executive committing himself to planning alone as well as making every critical decision alone;
- A planner who is too narrow in his view and restrict himself to planning alone for the organization;
- Lack of support for a planning function particularly with small business;
- Emphasis on where to compete and not on how to compete;
- Too little focus on uniqueness and adaptability with a tendency that encourages sameness and instinct that limits adaptive capability;
- The use of wrong measures of success that tend to pay priority attention to short term plan which is detrimental to long term plan;
- Too much attention being paid to competing organization rather than focusing on individual competitors;
- Planning becoming a mindless ritual or traction rather than an opportunity for strategies thinking;
- Inadequate emphasis on when to compete;
- A state of the business decline too rapid to be arrested and saved;
- Battles between senior staff and junior staff;
- Holding important information in the business which could have brought positive changes and result;
- Result of planning process are ignored;
- Knowing your competitors in terms of the value of what they provide.

As it is said that leadership is about providing value to people. If they are providing a better quality and lower priced product than yours, how can you possibly create a value higher than theirs and a price lower than theirs? Otherwise, it will cause a failure of your plan. You need to understand the needs of your customers and sustain their needs.

### **SELF ASSESSEMENT EXERCISE 3**

Identify and explain the causes of failure in business plans.

#### **3.1.4 POOR MANAGEMENT**

One of the most important reasons why business fail is due to poor management. It fails because the owners don't recognize what they don't do well and refuses to seek for help added to insufficient relevant experience. Understanding of your

strengths and weakness will be very useful for the survival and progress of your business.

The lack of relevant business and management expertise in almost all business is greatly responsible for business failures any here in the world. A good leader who is skilled at strategies thinking, who is able to make a vision a reality and can confront a change, make transition and envision new possibilities can help to avoid the negative effect of poor management plan should be able to answer the following questions if you have to avoid failure, Poter,L.M.and Roberts, K.H.(eds)(1977):

- How does your background or business experience help you in what you are doing?
- What are your weakness and how can you overcome them?
- Who will be on the management team?
- What are your current personal needs?
- What are their duties?
- Are the duties clearly defined?
- If a franchise, what type of assistance do you expect from franchisor?
- Will the assistance be on going?
- What are your current plans for hiring and training personnel?
- What salaries, benefits, vacations, holidays will you offers?
- What benefits can you afford at this point?

#### **SELF ASSESSEMENT EXERCISE 4**

Identify some relevant questions that will help you review your business plan.

#### **3.1.5 WRONG MOTIVATION**

Every business starts with good reasons. It may be based on your emotions and some other just reasons, not just for money. You may not be money oriented, but it could just come like that because your plan was not a bad motive.

Starting a business with a wrong motive or reasons, will get to stop for wrong reasons. Often time, people enter into business which they feel they should embark upon for reasons best know to them, some of the business aims are, Storich,P.L.(1975), Poter,L.M.and Roberts, K.H.(eds)(1977):

- To grow and be rich quickly;
- To make the highest sales;
- To control a large market;
- Provide income ;
- Freedom for the ownership;
- Leader on the production.

Many businesses have been set up. They flourished briefly and then crashed. Why? This might be as a result of wrong motivation. If you want to be rich, this motive alone is enough to push you towards investing or committing your resources into a business venture.

Again, if you simply want to serve your community, you will not be bordered about profit. And such, you will be concerned about the welfare of your community.

### **SELF ASSESSMENT EXERCISE 5**

Discuss why wrong motivation can result to failure of your business.

#### **3.1.6 NO MENTORSHIP AND LACK OF EXPERIENCE**

Several businesses could be helped out of their bad conditions if only the business men and women accepted to visit a business mentor. Their trouble could be avoided when the individual choose to do so. A mentor can help you identify your potential pitfalls and confirms certain setbacks, Hussy,D.E.(1989).

Added to this is the failure of business men and women to change with time. Your ability to realize opportunities and be flexible enough to accept the changing times, new technology, can bring about changes in method of production.

Where you reject it, you will remain with an unstable business venture. It is a big root cause for business failures .They tends to stick to their ideas, ways of doing their production and fail to progress and succeed.

### **SELF ASSESSEMENT EXERCISE 6**

Explain the following as root causes of business failures:

1. Absence of mentorship and lack of experience.
2. Failure to change with time.



3. Inadequate goal setting.

#### **4.0 CONCLUSION**

Business failure is a terrible thing sets not only the business crumbling but also the owners of the business .If you refuse to plan ,you have plan to fail is a slogan that is used to teach business men and women the intrinsics of business life.

Poor analysis of the business environment will generally cause failures and it can be avoided when the business owners adjust after making a review of the whole business experience. The business environment is very important because it determines to a large extent the market for your product.

#### **5.0 SUMMARY**

We have analyzed in this unit a number of factors that could cause business failures. Among them are poor planning, poor financial operation, poor management and marketing operation.

#### **6.0 TUTOR-MARKED ASSIGNMENT**

Identify and discuss factors that are responsible for the failures of business plans.

#### **7.0 REFERENCES/ASSIGNMENT FURTHER READING**

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## **MODULE 4**

### **Unit 4: BRINGING A DEAD PRODUCT OR SERVICE BACK TO LIFE**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Bring a dead product or service back to life
    - 3.1.1 The concept of a dead product or service
    - 3.1.2 Bringing the product or service to life
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor marked-Assessment
- 7.0 References/Further Readings

#### **1.0 INTRODUCTION**

IT is always sad in the life of employees, officers and directors of a business company, indeed the saddest moment of a society for a company or business organization to fold up. In Nigeria for instance, companies keep on folding up for so many reasons. These experiences has left so many Nigerians in miseries of employment.

The economic meltdown in the world has not only left Americans and Europeans Jobless but has also laid off many under developed countries Nationals. Thereby, causing high rate of deportation in recent time.

The question thrown to you is that, do you bring the product or service back to life? So that buyers can now change their attitudes positively towards such a dead product or service? Or do you just abandon the idea totally?

#### **2.0 OBJECTIVES**

At the end of this unit, you will be able to:

- Conceptually define a dead product or service and say what is responsible for the situation.
- List and explain how to bring such dead product or services back to life?

### **3.0 MAIN CONTENT**

#### **3.1 BRINGING A DEAD PRODUCT OR SERVICE BACK TO LIFE**

##### **3.1.1 THE CONCEPT OF A DEAD PRODUCT OR SERVICE**

The concept of a dead product or service can be describe as a situation where the product or service may be there, but totally abandoned or rejected by the people or it could equally be a situation where the production is no more due to other reasons such as economic difficulties e.g. economic meltdown and financial crisis.

Another description is that it could be a situation that the quality of the product or services was poor and fell, below customers expectation, or the unfriendly attitude of employees to customers has resulted in a reject ability of the products or services, all of these are factors that can kill the image and the market of a product or service.

The product may have been successful before, but suddenly becomes extinct. The workers may be laid-up because the profits has declined or even seize to exist. Other companies may still be in business the problem may be such that no matter how much you try, your product or service may still not be selling as it used to be. And there is a saying that quitters do not win, and that winners do not quit.

The question is how do you bring back your dead product or service back to life? You need to find out why your product or service is abandoned by its customers. Questions asked could be, Dave,N&Rob D(1996):

1. Was it as a result of poor management
2. Was it failing in the area of customer's satisfaction?
3. Find out why your employees acted in a certain manners if the fault is customer employee relationship.

4. Find out if your product or service was outdated given the changes with times and your lack of response.

The situation is that you are cut up with dicing product or service or a dead product which is there with no demand for it. It is a state of dilemma for your resources to be tied down by this kind of scenario. When you begin to lose your staff because of nonpayment of salaries, you get more and more confused.

### **SELF ASSESSEMENT EXERCISE 1**

Define a dead product or services and say what you think is responsible for the situation.

### **3.1.2 BRINGING THE PRODUCT OR SERVICE BACK TO LIFE**

What do you do now to bring your product or service back to life when the situation is already bad? Remember that it is either you work to bring it back or you quit, thereby being a loser and a quitter. The suggestion to bringing it back can be grouped into the followings, Dave,N&Rob D(1996), Adeyemi,A.(2002):

1. Your customer
2. Your product
3. Your employees
4. Your promotion

On your customers, you should know that they are very important to you and the survival of your business. There is no harm getting in touch with them if you have their addresses try to know why they are no longer buying your product or patronizing your services.

Ask them what is wrong and try to listen to them in a sort of peace offering and don't accuse them or blame them. Just tell them that you've noted all their complains and you will your relationship to resume and continue as it was before.

The purpose of this visit to them is to show them that you have their interest at heart .It is also shows that it is not only the financial benefit you get from them, but that you will go any length to sustain their interest.

This will improve your relationship in terms of loyalty and trust and you will eventually win them back instead of saying to hell with them. Business is not about anger and hatred. But it is all about progress and success.

On employees, if the relationship has spoiled because of the attitude of your staff, you can call them, have some refreshment with them and apply wisdom to know why? And you should listen to them and don't criticize them because you really want to know their grievance.

It may be that their problem is on low salaries, your style of management .Do not personalize matters but try to adjust them problem. You can at this point, promise to treat them fine and you must do so and the result could be a drastic change in their attitudes leading to mass production and improved relationship between them and the customers, Dave,N.&Rob, D.(1996), Angela, I.I(2000). But you may point out some important predicament that you will like to work on to change the situation.

On the product, no matter the quality of your employees, if your product is lacking in any ingredients or quality, you must look at the product or service with view to improving on them. Note that economic hardship may cause you to lose customer simply because they can't afford to buy in big quantities.

Therefore, you can introduce other qualities such as sachets milk and other drinks or smaller bread so that who can't buy in tin can buy the sachet at N10.00 or N30.00 instead of N400.00 and above. This will help you to harvest those big numbers of customers that were thrown away because of price and quality problem.

Lastly, you need to know that the product or service you are producing needs to be know .Hence, promotion in form of adverts will let people know of the presence of your product in the market. You have to use the print media, broadcast media and others that we have discussed in earlier.

Summarily, you should ensure that the combine priority attention to customers so as to maintain them permanently. Ensure also that your product is not lacking in terms of quality be focused and don't jam so many things or handling too much at a time

Be committed and innovation and try to satisfy your customers. Maintain a strong communication network with your customers and seek to know what they think about your product.

Try to accomplish your promises during your offering visit so that you do not attract negative feelings about you by your customers. The world is a small place and you should know that at the back of your mind.

## **SELF ASSESSEMENT EXERCISE 2**

List and explain how to bring back your product to life.

#### **4.0 CONCLUSION**

A product that is dead can still be brought back to life instead of quitting the business. You can group the issue in such a way you can handle, so as to bring back your product or service to life.

#### **5.0 SUMMARY**

A product or service that was rejected can now be patronized as a result of some efforts by the management to research into how to get back its customers with careful and surgical analysis of the situation. The manager can convince his lost customers and bring them back to the product market.

#### **6.0 TUTOR-MARKED ASSIGNMENT**

- Define a dead product and say what you think is responsible for the death of such a product.
- List and explain ways of bringing back your product to life.

#### **7.0 REFERENCES/ FURTHER READINGS**

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