

DHRM
GOLDEN HUMANS

1008 - DBP

Business Plan



Introduction to planning ,model development and asseme

Content

- Opportunity
- Business idea generation
- Simple feasibility analysis
- Business model
- Evaluation of the business model
- Introduction plan development

What is a business plan

- Business plan is a carefully prepared cohesive and concise plan
- Description
- Analysis
- Evaluation of the business
- The document loaded with facts and figures ,provide critical information about the entrepreneur's
 - The market
 - Customer
 - Competitors
 - The product
 - The strategy
 - The financial prospects and risk involved

Why prepare to business plan

- To provide a framework for a systematic and comprehensive evaluation of the business.
- To deal with uncertainties.
- To evaluate risks.
- To help manage and control the business.
- To obtain funding.
- To serve as an action plan for the next 12 months.
- To serve as the roadmap for the next two to three years.
- To serve as a business promotional tool.
- To serve as a performance tool on an going basis.

Developing a business plan

Don't start with detailed plan

Steps of developing a business plan

Steps one

Concert statement

- A. Description of the market need to be filled
- B. Description of the products and he services.
- C. Description of the resources needed to create the products/services.
- D. Specification od available resources.
- E. Bottom up financials.

Step two

- A. Position of market acceptance.
- B. Position of products/services feasibility.
- C. Position of investment required.
- D. Clear specification of all assumptions.
- E. Detailed business plan

Business plan structure

➤ Executive summary

- The business
- Products and services
- The vision and mission statement
- Date business began
- Competition
- Brief description and business facilities.
- Location of the business and any branches or subsidiaries.
- Strategic position.
- Income and assets summery.
- Name of founders and the functions they perform
- Number of employees
- Summery of company growth including financial or market highlights.
- Summery of management future plans.

Marketing plan

- Detailed description of the product/service.
- Information related to your product life cycle.
- Any copyright, patent and trade secret information's.
- Competitors analysis.
- Swot analysis-competitors.
- Location .
- Main customers.
- Total demand life for the particular product/service.
- Aggregate demand.
- Market share.
- Selling price.
- Monthly, yearly sales forecasting marketing promotional methods.
- Overall marketing strategies.
 - Market penetration
 - Strategy for growing your business
 - Channel of distribution strategy

Research and development activities you are involved in or are planning to be involved

Communication strategy

1) How to reach to your customer

- Promotions
- Advertising
- Public relations
- Personal selling

2) Overall sales strategy

- A sales force strategy (how many sales people will you recruit)
How will type of recruitment strategy
- How will you train them
- Financial and train them
- Sales activates

3) Marketing budget

- Cash budget
- Capital budget

Production /Operational Plan

- Production input
- Production process
- Fixed capital relating to the operation
- Life time of the fixed assets
- Repairing cost of equipment's
- Source of purchasing of equipment's
- Capacity vitiation plan
- Factory layout
- Factory location
- Raw material requirement
- Expected capacities
- Raw material requirement plan
- Direct cost of raw material
- Availability of raw material
- Direct labor requirement plan
- Indirect labor requirement plan
- Direct labor cost
- Indirect labor cost
- Labor availability
- Labor productivity
- Production overhead cost
- Total production cost
- Variable cost per unit
- Total cost per unit

Organization and management plan

- ❖ Natural of the business
- ❖ Legal status of the business
- ❖ Ownership information
 - Percentage of ownership
 - Involvement of the company
- ❖ Management profile-key people
 - Name
 - Position
 - Primary responsibilities
 - Educational background
 - Unique experience
 - Prior employment
 - Special skills
 - Past track records
 - Industry recognition
 - Community involvement
 - Number of year of the company
- ❖ Board of director's qualification
 - Positions on the board
 - Extent of indolent with company
 - **Background**
 - Historical and future contribution

The company's success

- Swot analysis-own
- Pre operational activities
- Fixed assets relating to the administration matters
- Action plan

Community involvement and social responsibility

- Social responsibility goals
- Company policies
- Community activities

Financial plan

- Manufacturing account
- Trading profit and loss account
- Cash flow statement
- Balance sheet

Ration analysis

$$1. \text{ Break even analysis} = \frac{\text{Fixed cost}}{\text{Contribution per unit}}$$

$$2. \text{ Gross profit ratio} = \frac{\text{Gross profit}}{\text{sales}} \times 100$$

$$3. \text{ Net profit ratio} = \frac{\text{Net profit}}{\text{sales}} \times 100$$

$$4. \text{ Return on investment} = \frac{\text{Net profit}}{\text{Capital}} \times 100$$

$$5. \text{ Payback period} = \frac{\text{capital}}{\text{net cashflow}} \times 100$$

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Business development process

- Indemnification of opportunities
- Generating business idea / developing concepts
- Screening the business idea
- Ranking the business idea and selecting the most feasible one
- Developing the business model
- Developing a business plan writing checklist
- Developing / writing the business plan
- Conducting a pre-feasibility analysis
- Developing implementation checklist
- Implementation
- Follow up

What is opportunity

- ✓ Opportunity is a favorable set of circumstances that creates a need for a new product, or business.
- ✓ Entrepreneurial opportunities are those situations in which new goods, services, raw material and organizing methods can be introduced and sold at greater than their cost of production.

Opportunity can in terms of

- New product
- New market
- New material
- New methods of production
- New process
- New organizations

Identification of opportunity

- Observing trends
- Identifying problems
- Personal characteristics of entrepreneur

Opportunity vs idea

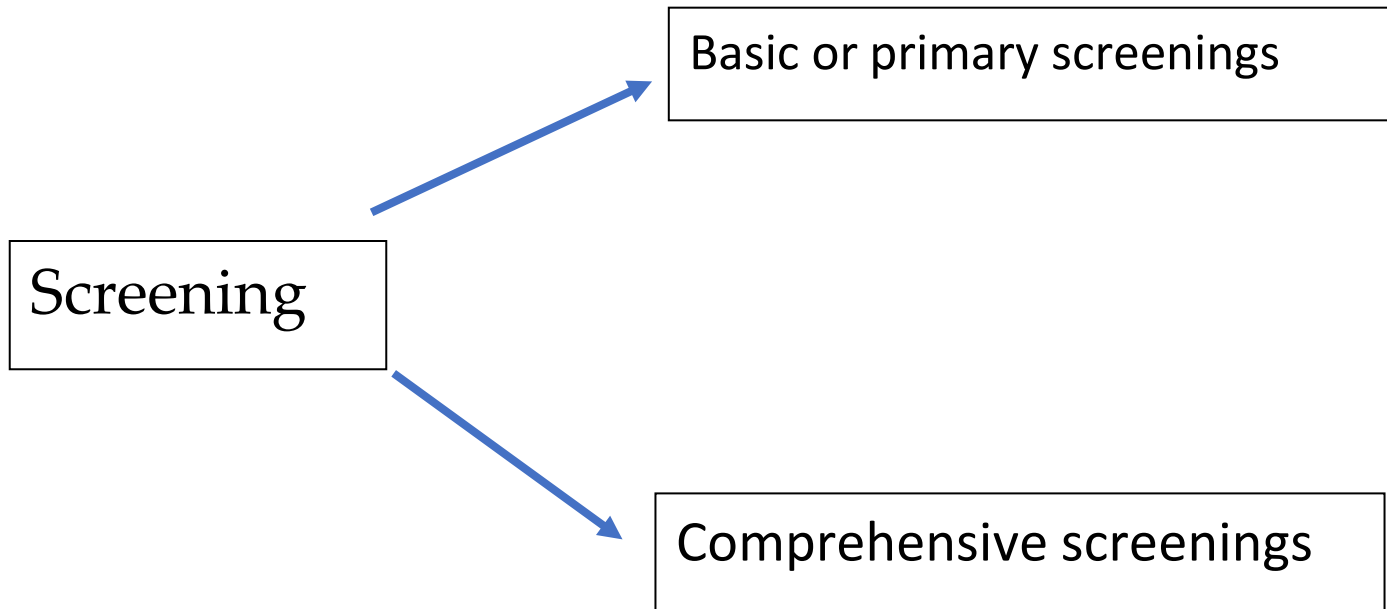
Exploring business idea

- ✓ Your skills and knowledge
- ✓ Your hobbies
- ✓ Equipment you already have
- ✓ Your job experience
- ✓ Idea from friends/family
- ✓ Environment changes

What is your current business idea?

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Types of screenings



Screening business idea

Feasibility

- Strength of the idea
- Marketing's of feasibility
- Operational feasibility
- Financial feasibility
- Management feasibility

Market feasibility

Market feasibility is a study that identifies the success of a product in a particular market.

Importance of doing a market feasibility analysis

- ✓ Help avoid risk
- ✓ Identify the best target market
- ✓ Provides information about the buyers
- ✓ Provides information about the competition

Operation feasibility

Operation feasibility is a measure of how well a proposed system solves the problems and takes advantages of the opportunities identifies.

What is involves

- ✓ If the product is developed , will it be used
- ✓ Could there be a reduction in cost or an increase in benefits.
- ✓ Legal aspects
- ✓ Government regulations.
- ✓ Social acceptability

Technical feasibility

If considers the technical requirements of the proposed project the technical requirements are then compared to the technical capability of the organization.

What is involves

- ✓ Do we currently posses the necessary?
- ✓ Do we posses the necessary technical expertise and it the schedule reasonable?
- ✓ Can the technology be easily applied to current problems?
- ✓ Is it a practical proposition?
- ✓ Does the technology exist at all?

Financial feasibility

Asses the economic viability of a proposed venture by evaluation the startup costs, operating expenses , cash flow and making a forecast of future performance

What is involves

- ✓ Startup costs
- ✓ Operational cost
- ✓ Revenue streams
- ✓ Possibility of profit/loss
- ✓ Breakeven point analysis