

Individual Assessment Coversheet

To be attached to the front of the assessment.

Campus: Midrand

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Module Code: ITBEA3-44

Group: 2

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Indicate	Yes	No
Plagiarism report attached	✓	

Declaration:

I declare that this assessment is my own original work except for source material explicitly acknowledged. I also declare that this assessment or any other of my original work related to it has not been previously, or is not being simultaneously, submitted for this or any other course. I am aware of the AI policy and acknowledge that I have not used any AI technology to generate or manipulate data, other than as permitted by the assessment instructions. I also declare that I am aware of the Institution's policy and regulations on honesty in academic work as set out in the Conditions of Enrolment, and of the disciplinary guidelines applicable to breaches of such policy and regulations.

Signature Tshuma	Date 2024/11/0
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Lecturer's Comments:

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Marks Awarded:	%

Signature	Date

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Section A

Question 1

30 Marks

1,1

The essentials of an effective business plan for a new venture in south Africa are:

- **Executive Summary:** A concise summary of the business concept, mission, and vision, highlighting the unique value that the business proposes
- **Business Description:** this is information on the business, this is based on its industry context, market needs and the role the business plays in addressing them.
- **Marketing Analysis:** this is an assessment of the target market, customer segments and its competitors. this identifies the opportunities and the threats (competitors) the business may face.
- **Product or services offer:** these are a detailed description of products and services that describe the innovative functions and benefits the products provide.
- **Operations plan:** these outline the location, the type of technology used and the operational workflow in how the business delivers its quality of service
- **Marketing and sales:** these are strategies the business implement for branding, promotion and customer acquisition tailored to Johannesburg markets.
- **Structure of management:** these are profiles of founders and key team members showcasing their experience and roles
- **Financial and funding:** These are detailed forecasts, revenue models and start-up costs.
- **Risk analysis and Contingency plans:** This element identifies the key risks and strategies to reduce them, this will ensure business resilience.

1.2

The five key ethical business practices essential for the success and sustainability of new a business in South Africa is:

- **Transparency and honesty:** Build trust with clients and stakeholders by being open and honest in all business transactions including the pricing, product functionality and contracts made.
- **Data Privacy and Security:** ensure that the information for both the customer and the company are protected through the implementation of strict cybersecurity and the teaching and adherence of privacy policies and corresponding laws like POPIA. (John, 1998)
- **Fair employment Practices:** be four in hiring, provide competitive wages and equal opportunism, though this is not adhered to due to nepotism and tribalism it is best to promote diversity and inclusion to enhance business retention and colleague relationships. (John, 1998)
- **Corporate social Responsibility environmental Responsibility:** Engage in community development such as supporting local education (bursaries and scholarships) and job training initiatives (learner ships) this will reduce taxes whilst strengthening the community and building trust among the people. (John, 1998)

- **Environmental Responsibility:** reduce the environmental impact such as pollution, dirty streets, and more by adopting sustainable practices such as proper reduction of waste and conserving resources e.g., rather use solar panels than to rely of coal driven power, another example is to dispose of dangerous material such as nuclear waste, factory waste properly to reduce cancer and possibly mutations due to radioactive materials. (John, 1998)

1.3

Role of Financial Management

- **Resource Allocation:** has the role to allocate resources effectively thus ensuring that funds are always available for essential functions such as product development, marketing and operations. (Jaud, et al., 2018)
- **Profitability Planning:** their second role is budgeting and forecasting to set realistic revenue goals and monitor expenses, this will provide a roadmap to achieves profitability and financial health. (Uraisami, 2018)

How Financial management impacts operations

- **Sustaining cash flow:** good financial management ensure a stable cash flow, this will prevent cash shortages that can disrupt daily operations, payables or expansion efforts. (Jaud, et al., 2018)
- **Attracts investments:** a good financial planning attracts investors, which makes it easy to secure funds, which can further increase the growth of the business and providing it a competitive edge. (Jaud, et al., 2018)

Role of Risk Management:

- **Risk Identification:** identifies potential threats such as economics changes, competition and operational hazards. This will enable quick and proactive responses when certain things occur such as cyber-attacks, covid and what not. (Buganova, et al., 2021)
- **Mitigation Strategy Development** By assessing risks, business can create strategies to reduce the impact such as investing in cybersecurity.

How Risk Management Impacts Operations.

- **Business Continuity:** Effective risk management ensures the business can remain operational even in adverse conditions, protecting revenue and streams and customer trust. (Fulmer, 2015)
- **Adaptability:** efficient and proactive addressing of risks improves the business's adaptability to risks and this will improve resilience and long-term sustainability

1

The key components of a successful promotional plan for a small business are:

- **Target Market Analysis:** Being able to explain why the business is unique and how its products solve customer problems better than anyone else. You need a compelling value proposition to get classified by customers and scope out your business in the right way. (Pradiptarini, 2011)
- **Clear Value Proposition:** Using online channels, including social media, email marketing, and SEO to target large audience — relevant for electronic devices It is human nature to want to engage with people in their comfort zones, and digital marketing means that a business can get up close and personal with customers almost exactly where they are living the majority of their lives. (Osterwalder, et al., 2015)
- **Digital Marketing:** Leveraging online channels social media email marketing and search engine optimization (SEO) to target a wide audience, which is particularly important for tech products Digital Marketing allows one such business to communicate with its customers at the place where they are spending maximum time.
- **Content Marketing:** Creating educational and useful content (blogs, videos, whitepapers) that informs prospects interested in a topic but is not necessarily buying anything — to build the business as an expert on the subject. This means a lot when it comes to software and hardware solutions where educating the customer is necessary. (Bala & Verma, 2018)
- **Sales promotion and incentives:** Providing promotions, discounts or free trials to entice new customers or repeat customers Such strategies can generate the interest instantly and play an important role in helping you establish a loyal customer base.

Application of promotional plan in south African market for software and hardware solutions

- **Localized target market analysis:** Target Johannesburg, as well as other business hot spots that have active need for software and hardware solutions. Define the segments: Indicate market by industry (ex. financial services, retail) to personalize messages to meet requirements (data security for monetary organizations; inventory system for lengthy lead-time). (Andres Coca-Stefaniak, et al., 2010)
- **Highlight localized Value Proposition:** Later on, highlight local support and a better understanding of South African business challenges (e.g., reliable after sales support which many South African businesses desire attached to their service offices based on concerns around the reliability of service). This separates the business as one that is coming from a genuine local provider. (Andres Coca-Stefaniak, et al., 2010)
- **Digital marketing with local focus:** Buy Google Keywords using South African search terms, LinkedIn and local digital ad spots used by business owners. Craft messages around relevant pain points (efficiency or cost-effectiveness can go a long way in a budget-conscious market). (Andres Coca-Stefaniak, et al., 2010)

- **Content marketing with regional relevance:** create content that addresses local business challenges such as compliances with POPIA to establish a credible and relevant marketing target.
- **Localized promotions and partnerships:** run promotions that offer a buy one gets one free or a discount or bundled services specially for south African businesses as no one will like to be at a loss and won't be willing to spend more on a product that is cheap at another business.

2

Building a long-lasting relationship and enhance loyalty with customers I would use the following strategies:

- **Personalised Customer Service:** I would offer tailored support and solutions for each client; this will show them they are valued and this encourages long term customer loyalty (retention). (Uncles, et al., 2003)
- **Regular Feed back and continuous improvement:** I will actively seek customer feedback to better perfect our services based on their needs as an IT Student this is important part to ensure customers can continually use products and apps we create. (Nasr, et al., 2018)
- **Loyalty Program and rewards:** introduce loyalty and rewards programmes that offer discounts, cashbacks based on tiers this will encourage customers to continuously increase their level of loyalty and consistence engagement. (Uncles, et al., 2003)
- **Proactive and Transparent Communication:** Keep customers informed through regular updates and check-ins, this will foster trust and reinforce brand reliability
- **Community Engagement and Events:** organise workshops, webinars and community events to build trust and a sense of community within the geolocation and outside of geolocation of the business this brings about trust between the business and its future customers it is a form of marketing. (Bowen, et al., 2010)

Question 3

20 Marks

Two business models that could be suitable for a new business in South Africa are:

- **Business to Business Model**
 - This model, the business sells its products, anything thing they offer to other business for example I can sell my hardware and software and IT services to VODACOM as they will need specialised services for Intrusion prevention systems, firewalls and the like. (Holmlund, 2008)
- **Evaluation**
 - The B2B model I suitable for South Africa's business environment, especially in cities like Johannesburg where there are small and medium sized enterprises that need tech solutions to improve their work flow and efficiency.
 - This results in long term contracts, stable revenue streams and strong client relationships as once a client is acquired, they will be depended on my Business for them to function.
 - To explain this in technical terms this b2b model functions like front end and back end for front end to work it requires back to work. (Holmlund, 2008)
- **Subscription based model**
 - This model involves offering software solutions on a subscription bases, therefore clients will have to pay recurring fess to access the service. these services can be divided into several levels depending on the type of packages.
 - For example, Asura Hosting is a webhosting, Virtual Private System hosting and other solutions platform. I pay for an unlimited plan plus package every month in order to host my website I can choose to pay for a starter plan too and can still change my subscription to them.
 - Microsoft Office offers the same subscription to pay for Microsoft word and the like, to pay for more cloud storage. (industr{"o}m, et al., 2023)
- **Evaluation**
 - The subscription model provides a steady, predictable cash flow, making it attractive for business that need a reliable revenue stream.
 - For South Africa where cost sensitivity is high, offering an affordable subscription level can attract a lot of customers, however customer retention and competition will be challenging. Because, imagine 5 subscription-based companies offering the same service but one of them sells it at a lower price compared to the other 4 companies they will then be in completion to retain customers. (McCarthy, et al., 2017)

A well-defined business model can contribute to business success and increase the probability of success through:

- Contribution to business Success
 - A well-defined business model provides clarity on how the business will create deliver, and capture value whilst aligning with operational processes with customer needs.
 - It will guide decision making, helping business focus on its value proposition and allocate resources efficiently.
 - Lastly it will aid in identifying the revenue streams and cost structures which are essential for achieving profitability and attracting investment. (Kian Chong, et al., 2011)
- Increased Probability of Success with B2B model
 - Using a B2B model in the SA Market can increase the success probability by focusing on long term client relationships with small to medium sized enterprises. (Wang & Lin, 2009)
 - These enterprises often require tailored solutions and ongoing support to function which is why they a factor in increasing the probability of success via a B2B model. (Wang & Lin, 2009)
 - The B2B model allow the business to build trust with clients resulting in consistence revenue through retained contracts and reduced client churn.
 - Lastly the b2b model leverages the high demand for reliable tech solutions, making it an ideal fit for capturing value in this market. (Wang & Lin, 2009)

1

maintaining financial health

The key aspects for financial management to continuously evaluate for maintaining financial health are:

- Cash flow management:
 - Which is for monitoring cash inflows and outflows to ensure that the business has proper liquidity to cover expenses.
 - Effective cashflow management involves:
 - tracking accounts receivables and payable
 - setting cash reserves
 - forecasting to prevent cash shortages especially in times of crisis like covid or natural disasters. (Mungal & Garbharran, 2014)
- Budgeting and financial forecasts
 - Developing budgets and adhering to them helps allocate resources effectively.
 - Regular updates of financial forecasts allow for:
 - future expense planning,
 - identifying potential gaps in funding,
 - making adjustments based on market changes. (Coveney & Cokins, 2014)
- Expense Management
 - Controlling operating expenses by evaluating each cost area will help keep the business lean and stable financially.
 - Reviewing expenses regularly helps identify unnecessary costs, and improve spending which will improve profitability.
 - For example, let's say an employee abuses the business money to put petrol to his friend's car over the weekend this becomes an unnecessary expense and therefore the card should be taken away from him or her as punishment. (Muneer, et al., 2017)
- Profitability Analysis:
 - Analysing profit margins by calculating the profits against the cost structure ensures that products or services are priced effectively to allow the Business to break even.
 - This involves identifying profitable areas and adjusting pricing strategies or cost cutting measures to improve margins.
 - For example, finding a cheaper supplier and selling will improve profitability and may even allow the business to reach the break-even point faster and start making profits. (Mulhern, 1999)

- Debt Management and financing
 - Managing and monitoring existing debt levels and ensuring timely repayments protects the business credit rating and financial health.
 - This allows the business to be eligible for more funding (loans) as they have the ability to payback loan based on credit rating
 - Evaluating finance options for expansion also ensures that the business does not overextend and can handle new debit obligations without affecting the Business's cashflow. (Kurbanov, 2021)

2

Risk management strategies and maintaining stability and growth

In a worst-case scenario, adhering to risk management strategies is important for maintaining stability growth. Continuous assessment of these strategies is important because:

- Risk Identification and Assessment
 - Conducting regular risk assessment to find potential threats such as economic downturns or natural or manmade crisis such as covid is important as it will allow the business to have the ability to adapt and survive in economic downturns and natural and manmade disasters.
 - Examples of downturns are supply chain disruptions and regulatory changes that happen within a business due to economic factors.
 - With risk identification and assessment business can understand and categorize risks by assigning risk levels and prioritizing high level risks that have a high chance to have a bad impact to the business. (Chapman, 1998)
- Diversification of revenue streams
 - Business should not be reliant on a single source of income; they must diversify their sources of incomes to reduce the vulnerability that comes with market changes.
 - Exploring new products, services or customer segments in south Africa can create multiple income streams and improve business resilience when things become tough, that way business will have a lower chance of bankruptcy. (Massey, 2018)
- Creating a financial contingency plan
 - Setting up emergency funds helps the business in ensuring that it has resources available in times of crisis.
 - This contingency plan details steps for:
 - Cost cutting,
 - Securing additional funding
 - And reallocating resources if cashflow issues occur. (Smith, 2009)

- Operational Flexibility
 - Building flexibility into business operations allows the business to adjust process and scale as needed.
 - This includes using flexible workforce, improving inventory and adopting technology that supports remote work and automation and fast adaptation in response to unexpected crisis. (Yu, et al., 2015)
- Regular monitoring and updating of risk management plans
 - As mention earlier continuously evaluating and updating risk management keeps the business ahead of relevant changing crisis.
 - Lesson learned from past incidents allow business to plan ahead for worse or similar incidents, take covid for example, many businesses fell and many rose due to a sudden change in how business was conducted
 - But now many businesses have implemented horizontal scaling which an IT term that means to adapt depending on change.
 - Businesses use it to be able to change based on current conditions of world and to ensure they still function even if the world is ending. (Chapman, 1998)

With these strategies a business can anticipate potential threats and plan ahead to reduce the impacts of threats and ensure the business survives through unexpected crisis.

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