

Planning and Starting a New Business

Class 6

[16/12/2022]

Test Next Week

Basic activities of project planning:

- Identifying targets for achievements
- Setting timetables or timelines
- Allocation resources

One of the key purposes of planning is to determine when changes are necessary and to allow time to make them.

Steps in starting a business:

- Assessing oneself as a potential business owner
- Conceptualizing the business idea
- Examining critical issues and making important decisions
- Investigating legal requirements and selecting the appropriate business structure.
- Developing Business Plan
- Arranging for finance

Assessing oneself as a potential business owner

A prospective entrepreneur must assess themselves by:

- Personal characteristics
- Demands of owning and operating a business
- Business experience and management skills acquired

Conceptualizing the business idea

Critical decision issues to consider at the starting of a business:

1. The business to start
2. The product or service it will offer to customers
3. The customers
4. How and when customers buy the product or service
5. Whether the customers will pay for the product or service
6. The amount customer will pay for the product or service
7. How the customers will be aware of the product or service

Examining critical issues and making important decisions

Key issues to make decisions on after clarifying the business concept:

1. Entry Options
 2. Selecting business location
 3. Minimizing business risks
 4. Selecting the appropriate business structure.
- Entry Options:
 - **Franchising:** individual is provided a licensed privilege to do business under a well recognized business brand
 - **Buying existing business**
 - Starting a new business afresh
 - **Selecting a business location:** It is more important in certain businesses than some others. Factors include
 - Type of industry
 - Nearness to the customers
 - Proximity to other businesses and services.
 - **Minimizing business risks:** every business has its on risks. It might be mitigated using
 - Advices from relevant professionals

- Insurance coverage
- Market research
- **Selecting the appropriate business structure:** The business could be in various forms
 - Sole proprietorship
 - Partnership
 - Limited liability company

Legal and Regulatory Requirements

- **Business registration:** Must register the business with Corporate Affairs' Commission (CAC)
- **Permits and licenses:** Most businesses are expected to obtain some kind of licenses or permits. Like from NAFDAC or SON