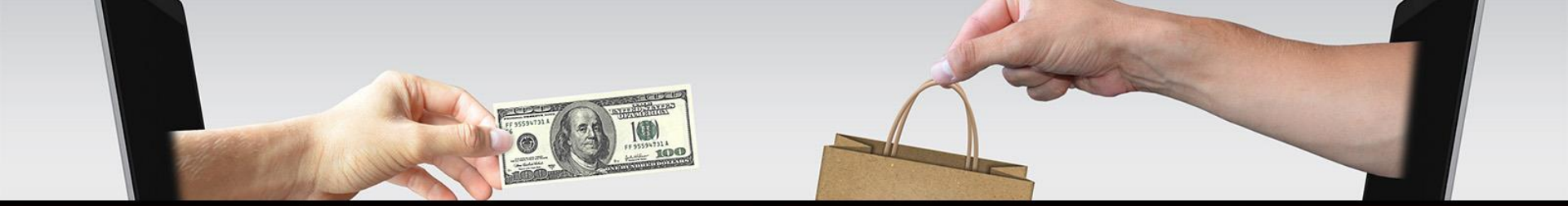




# E-Commerce Implementation, Management and Security ICT 2152

Akila Brahmana  
Dept. Of ICT  
Faculty of Technology  
University of Ruhuna



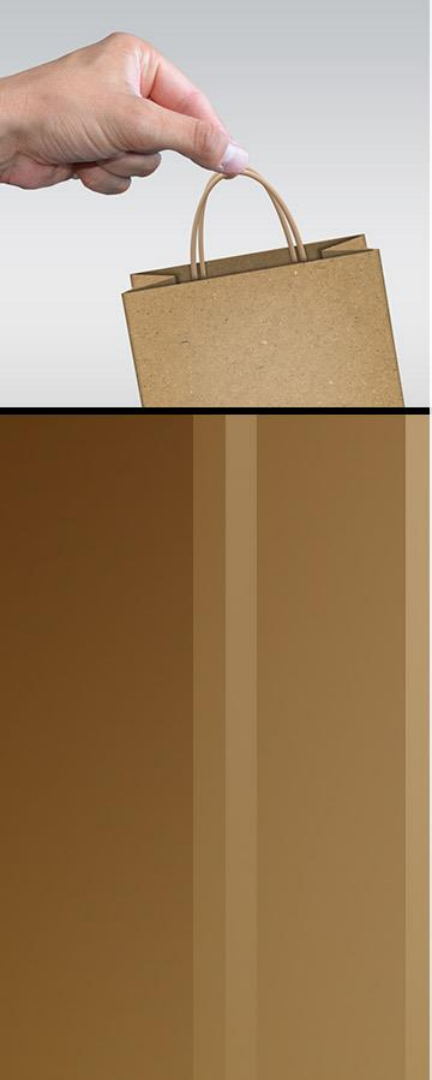
# Lecture 02

## Business Plan



# Objectives

- What is a business plan?
- Contents of a business plan.



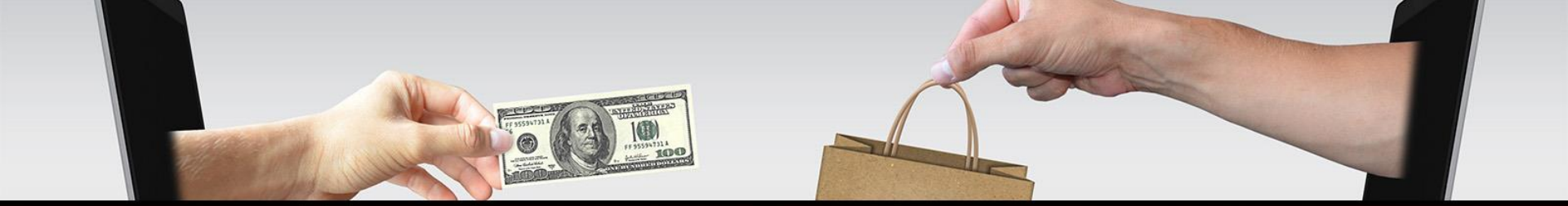
# What is a business plan?

- A business plan is a written document that describes in detail how a business—usually a startup—defines its objectives and how it is to go about achieving its goals.
- A business plan lays out a written roadmap for the firm from marketing, financial, and operational standpoints.



# What is a business plan?

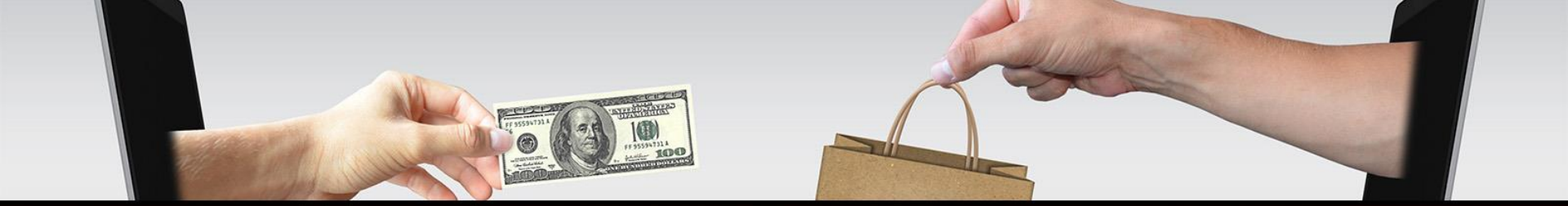
- Although they're especially useful for new businesses, every company should have a business plan.
- Ideally, the plan is reviewed and updated periodically to see if goals have been met or have changed and evolved.
- Sometimes, a new business plan is created for an established business that has decided to move in a new direction.



# Why you need to write a business plan?

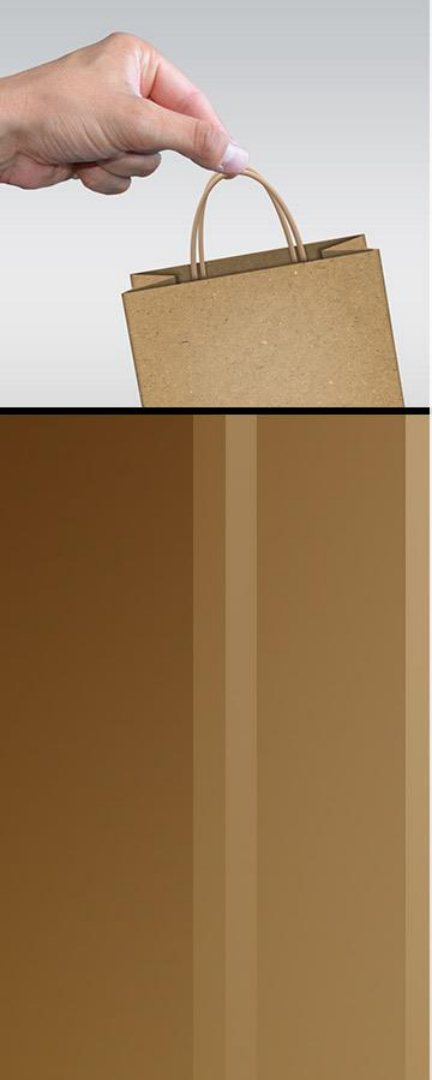
A good business plan can help:

- Determine whether your business has a chance of making a good profit.
- Provide an estimate of your start-up costs, and how much you'll need to invest or finance.
- Convince investors and lenders to fund your business.
- Provide a revenue estimate (by defining your market -- who your customers will be -- and the percentage of the market you can expect to reach).



## Why you need to write a business plan?

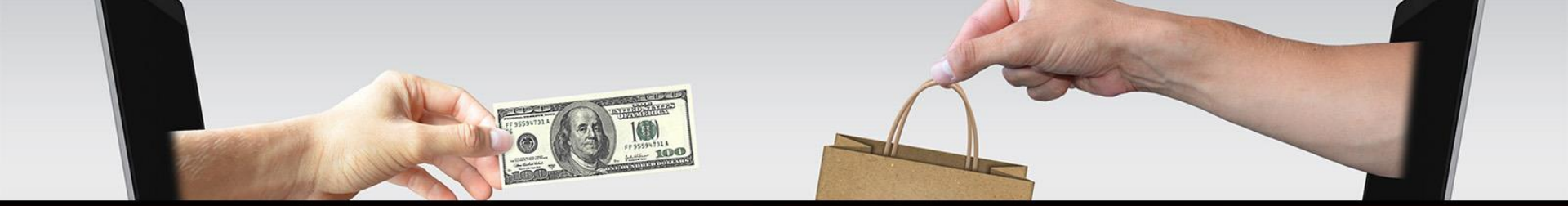
- Make money from the start by devising an effective marketing strategy.
- Compete in the marketplace (through an analysis of what your competition lacks).
- Anticipate potential problems so you can solve them before they become disasters.



# Contents of the business plan

- Title page
- Executive summary
- Vision and mission of the organization
- Description of the business
- Environmental Analysis
- Industry Analysis
- Competitor Analysis
- Market Analysis
- Market Plan
- Operational Plan
- Financial Plan

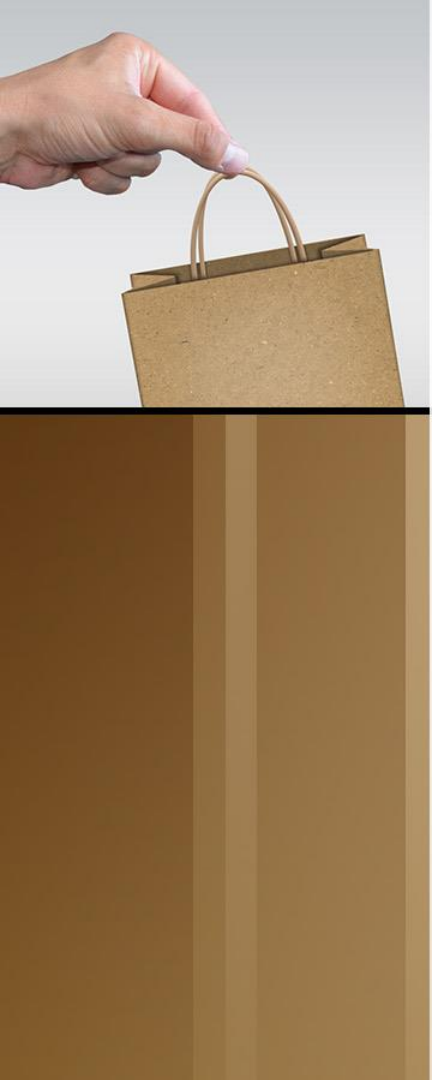




# Title Page

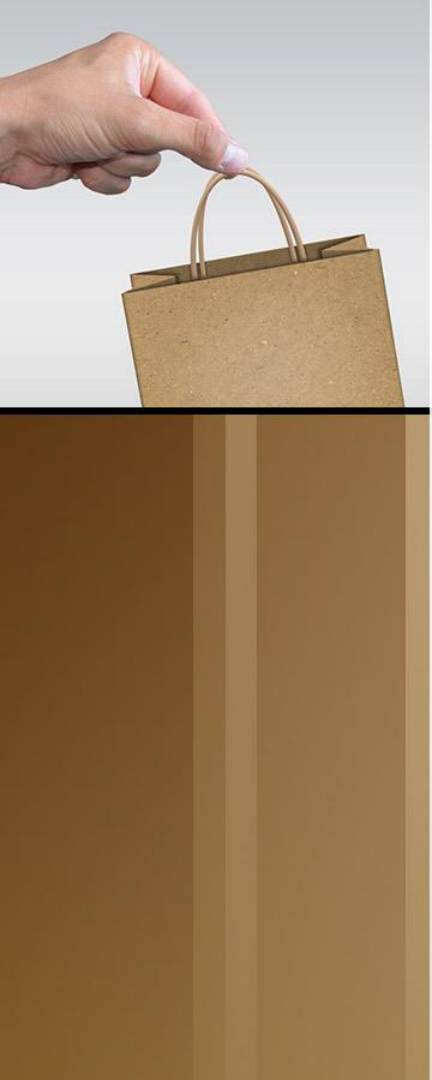
To keep it simple, your business plan title page should include:

- Your company logo
- Document title and business name
- Business address and contact information
- Business plan completion date
- Confidentiality statement



# Executive Summary

- Briefly tell your reader what your company is and why it will be successful.
- Include your vision and mission statements, your product or service, and basic information about your company's leadership team, employees, and location.
- You should also include financial information and high-level growth plans if you plan to ask for financing.
- Usually 5%-10% size of the main document.
- Should be the summary of very important points.



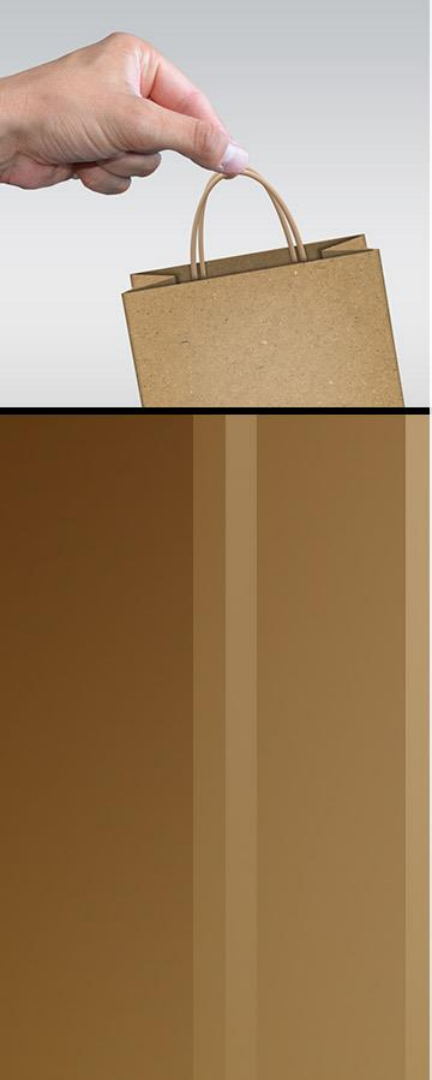
# Para Formula for Executive Summary

## **Paragraph 1: Provide an overview of your business.**

- This first paragraph is where you should provide the name and nature of your business, and relevant insights about your industry.

## **Paragraph 2: Discuss target market, competition, and marketing strategy.**

- Your second paragraph should include a clear and concise definition of your target market, an outline of the competitive landscape of your industry and marketing strategy.



# Para Formula for Executive Summary

## **Paragraph 3: Provide an overview of operational highlights.**

- The third paragraph of your executive summary should provide operational highlights such as where your company offices will be located, whether or not you will incorporate or remain a sole proprietor, or whether you will serve as an online business.

## **Paragraph 4: Show forecasting.**

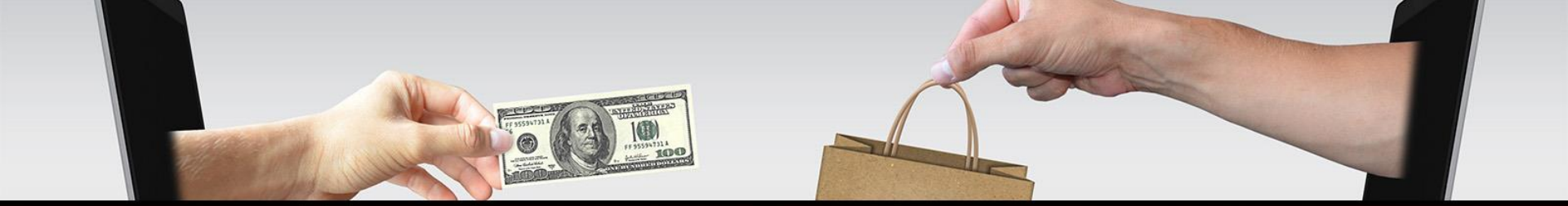
Here you should make sales forecasting projections for one and two years after your business plan has been implemented.



# Para Formula for Executive Summary

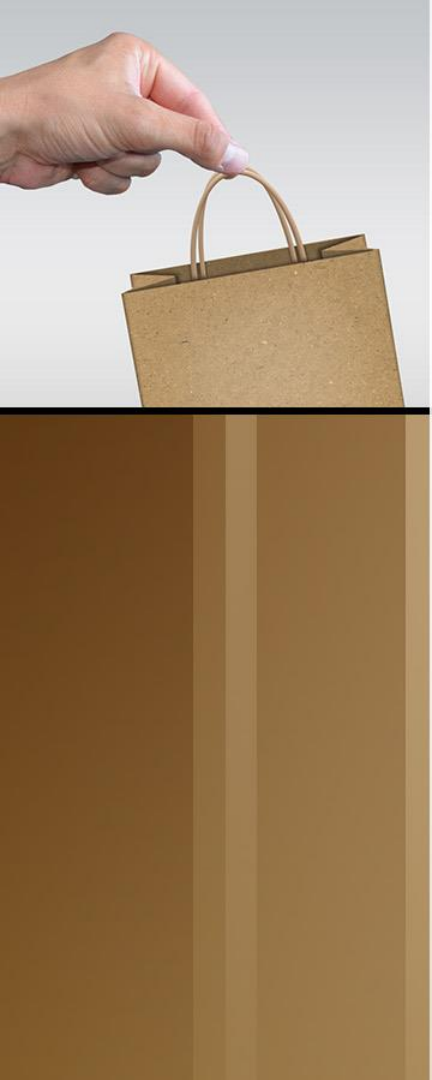
## **Paragraph 5: Detail your investment needs.**

- If your business requires financing, this is where you should go into detail about the investment needs of your business.



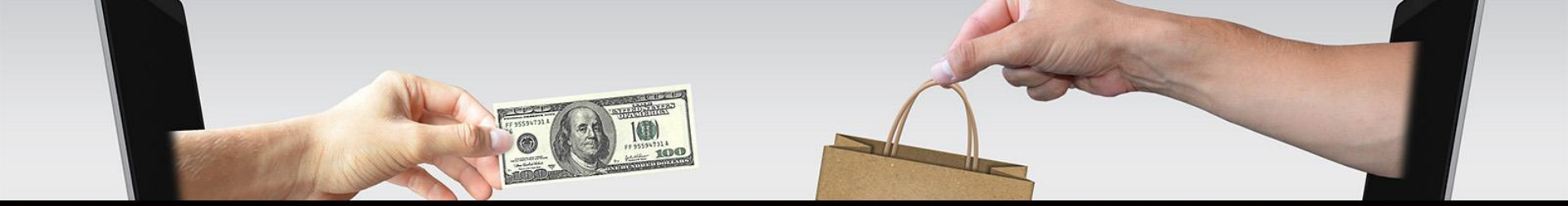
## Description of the Business

- This should explain what the business is about.
- As a business what problems you are going to solve.
- Who is your customer.
- About the business
  - ✓ Brief introduction to the organization.
  - ✓ Current financial status.
  - ✓ What is the status of the business (startup or established).
  - ✓ Form of business (sole proprietorship, partnership, limited liability company etc...)



# Environmental Analysis

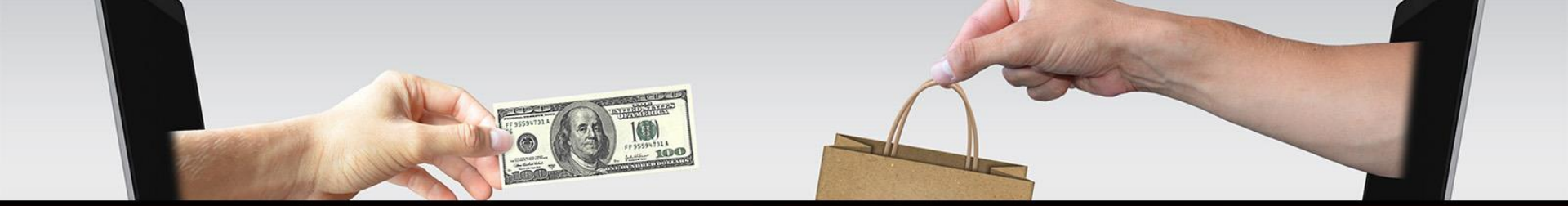
- Normally refers to conditions and factors external to your company, outside of your company's control, that might affect its sales, market, costs, and so forth.
- These are often grouped into kinds of factors, such as the common PEST, which stands for political, economic, social, and technological factors that might affect your company.
- They might be worldwide trends, or specific local market trends, or anything in between.



# Industry Analysis

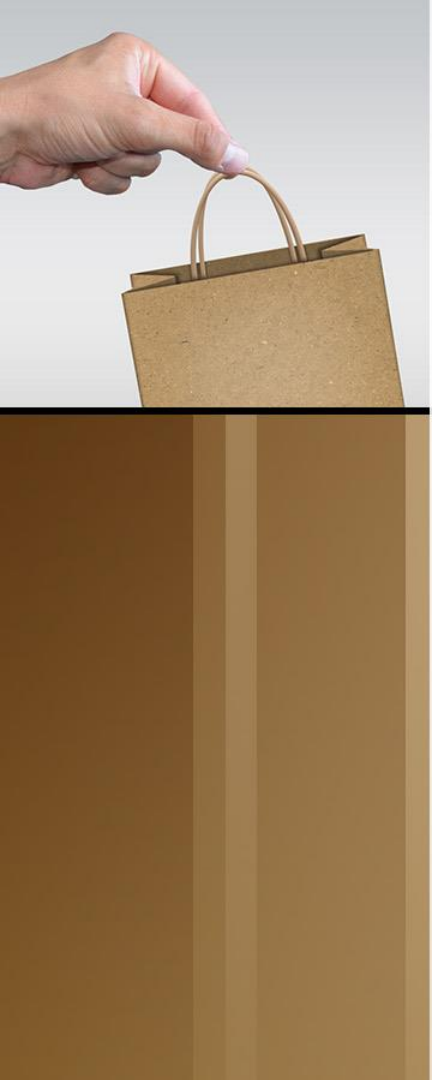
- The industry is a collection of Competitors producing a similar product or offering similar services to their customers.
- Industry analysis in a business plan is a tool which enables a company to understand its position relative to other companies that produce similar products or services like it.
- While taking into account the strategic planning process, a company has to specifically understand the forces at work in the overall industry.





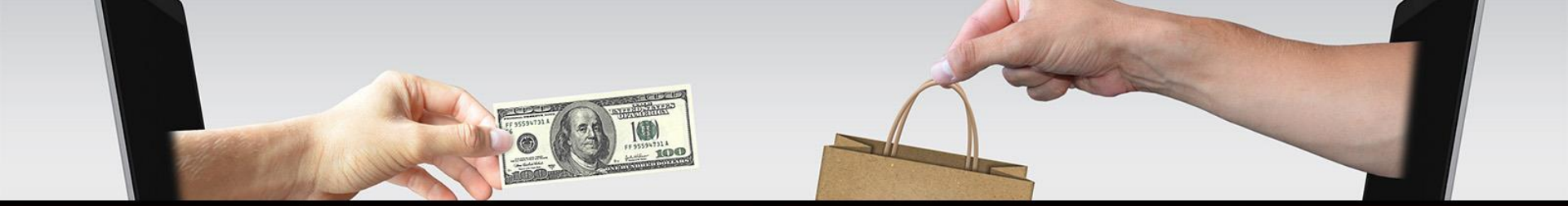
## Industry Analysis

- Thus the processes of Industry analysis in a business plan enables businesses to identify the threats and opportunities facing them.
- It helps them to focus their resources on developing unique capabilities which can help them to gain a competitive advantage.



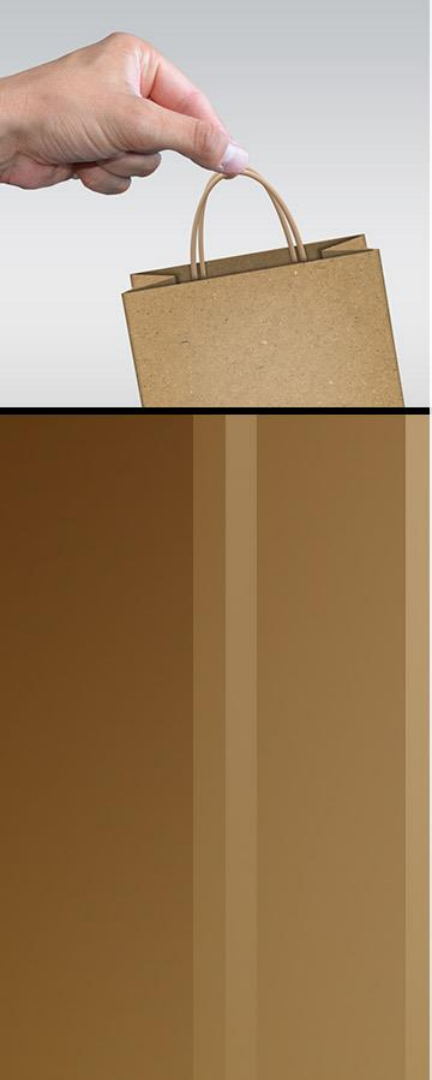
# Competitor Analysis

- The **Competitor Analysis** section of your business plan is devoted to analyzing your competition--both your current competition and potential competitors who might enter your market.
- Every business has competition. Understanding the strengths and weaknesses of your competition--or potential competition--is critical to making sure your business survives and grows.
- You do need to thoroughly assess your competition on a regular basis even if you only plan to run a small business.
- In fact, small businesses can be especially vulnerable to competition, especially when new companies enter a marketplace.



# Market Analysis

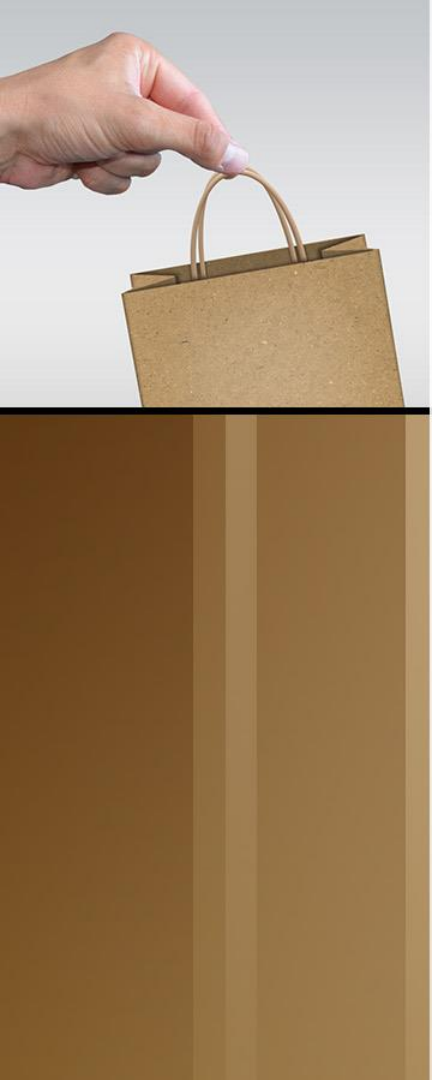
- A market analysis consists of the combination of quantitative and qualitative assessments of a given market.
- A thorough market analysis will convey insights derived from investigating the size of the market in both volume and value, the customer segments that comprise the market, the buying habits that these consumers exhibit, competitors, and any barriers to entry.
- The purpose of the market analysis section of a business plan is to prove to stakeholders such as potential investors that you know your market thoroughly, and that there is viable opportunity for a sustainable business venture.



# Market Analysis

## 1. Determine Market Size

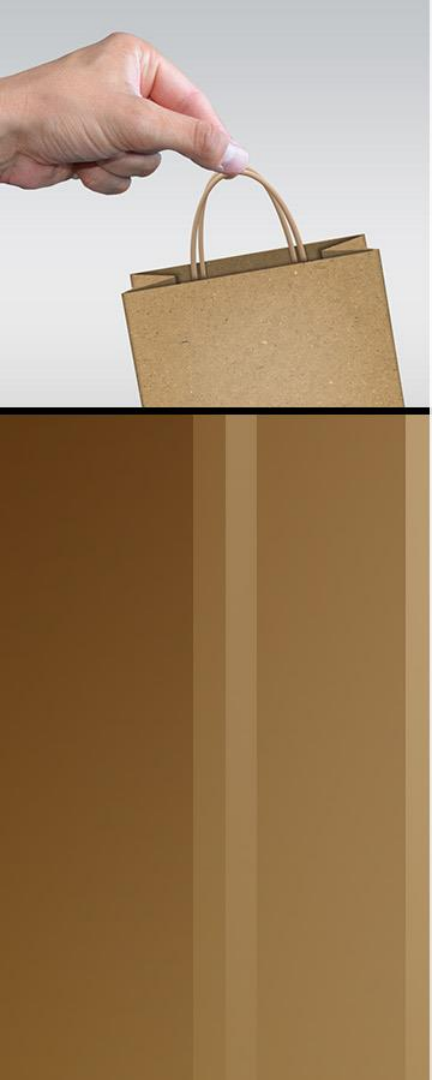
- The first step in performing a market analysis is to assess the size of the market.
- While doing so, your approach will depend on the scale of your potential business.
- For example, if you're looking to open a local coffee shop then you should take a local approach to assessing your market.
- Contrast, if your business plan is proposing a nationwide chain of coffee shops, then you need to assess your market at a national scale.
- While determining market size, you must look at both volume and value. Volume refers to the number of potential customers, and value refers to the value of the market itself.



# Market Analysis

## 2. Conduct Market Segmentation

- If your proposed business will target certain market segments, then you should segment the market to understand it further.
- A best practice to start market segmentation is to examine the market from a [demographic perspective](#).
- Other segmentation methods that you can use as they pertain to the business' products and services include [geographic segmentation](#), [behavioral segmentation](#), and [psychographic segmentation](#).



# Market Analysis

## 3. Define Your Target Market

- A target market is comprised of the customers that you will focus on within the market.
- For example, if you were thinking about opening a coffee shop, you could decide to either be a generalist — selling standard, affordable coffee drinks — or you could choose to focus on high-end, expensive gourmet coffee instead.
- Each of these examples would appeal to different market segments, and the approach to connecting with the relevant target market would be different despite having a similar core product (coffee).
- Defining your target market is most important when your market has obvious segments that have differing drivers of demand.



# Market Analysis



## 4. Define The Market Need

- While defining the market need, you should go into detail on the drivers of demand for your product.
- Why will people buy your product? What problem is it solving?
- How is it different from what is already in market?
- Why should this market purchase from your company specifically?

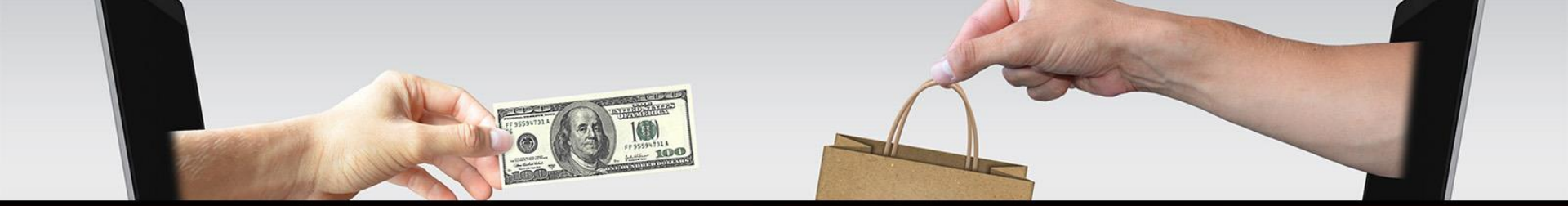


# Market Analysis

## 5. Outline Barriers to Entry

- Writing a market analysis can help you identify some glaring barriers to starting your business.
- Researching these barriers will help you avoid any costly legal or business mistakes down the line.
- **Technology:** How rapid is technology advancing and can it render your product obsolete within the next five years?
- **Branding:** You need to establish your brand identity to stand out in a saturated market.
- **Cost of entry:** Startup costs, like renting a space and hiring employees, are expensive.
- **Location:** You need to secure a prime location if you're opening a physical store





# Marketing Plan

- The marketing plan section of the business plan explains how you're going to get your customers to buy your products or services.
- The marketing plan will include:
  - ✓ Products and services and your [unique selling proposition](#) (USP)
  - ✓ Pricing strategy
  - ✓ Sales and distribution plan
  - ✓ Advertising and promotions plan



# Financial Plan

- The financial section of your business plan determines whether or not your business idea is viable and will be the focus of any investors who may be attracted to your business idea.
- The financial section is composed of four financial statements: the income statement, the cash flow projection, the balance sheet, and the statement of shareholders' equity.



# Financial Plan

## The Income Statement

- The income statement shows your revenues, expenses, and profit for a particular period—a snapshot of your business that shows whether or not your business is profitable.
- Subtract expenses from your revenue to determine your profit or loss.

## The Cash Flow Projection

- The cash flow projection shows how cash is expected to flow in and out of your business.
- It is an important tool for cash flow management because it indicates when your expenditures are too high.



# Financial Plan

## The Balance Sheet

- It summarizes all the financial data about your business in three categories:
  - ✓ **Assets:** Tangible objects of financial value that are owned by the company.
  - ✓ **Liabilities:** Debt owed to a creditor of the company.
  - ✓ **Equity:** The net difference when the total liabilities are subtracted from the total assets.
- The relationship between these elements of financial data is expressed with the equation: **Assets = Liabilities + Equity.**

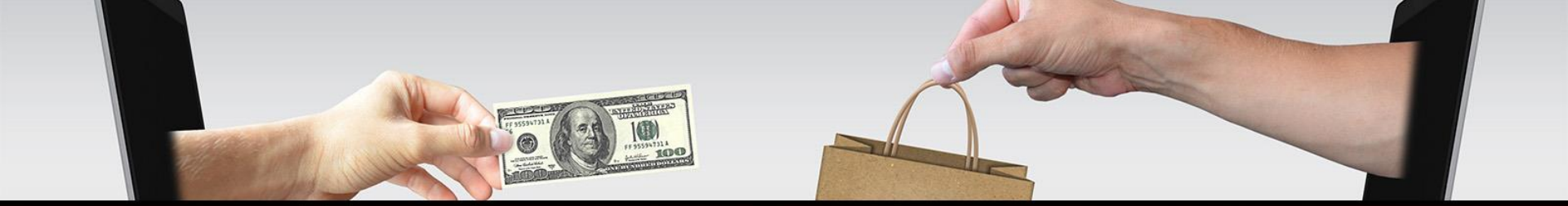


# Activity

- Study the sample business plan given in the below link

<https://www.shopify.com/blog/business-plan-template>

- Start developing your business plan according to the mini project.
- Complete all required sections including title page and 5 paragraphs in Executive Summary Section in your business plan.
- Conduct environmental analysis according to PEST (political, economic, social, and technological) Factors.
- Upload up to the environmental analysis section as a word document to the given link in the LMS.



# Thank you