

BUSINESS PLAN

This is a formal written document expressing the entrepreneurial vision, describing the strategy and operations of a proposed venture and how the vision will be converted into a profitable and a viable business.

Importance of a business plan

1. Serves as an important tool in helping the business to obtain finances
2. Provides guidance to an entrepreneur in organizing his/her plans
3. Helps to determine the commercial viability of the venture in a designated market
4. Serves as a blue print (a plan and a guide) for starting, expanding and operating a business.
5. It reduces chances of business failure or can foresee certain challenges
6. The business plan forces the owners to justify their cause of action
7. It has ideas on paper which enables one to determine whether it's profitable or not.
8. Indicates the owners' ability and commitment.

Qualities of a good business plan

1. Should be simple to understand
2. Should be quite clear to all stake holders of the business
3. Should be brief but all inclusive

4. Should indicate an honest picture of the enterprise position.
5. Components of a business plan should be logically arranged
6. Should have a back up or figures whenever possible
7. Should be objective and realistic

Benefits of a business plan

1. It defines specific terms and objectives of the business
2. Forms the basis of evaluation of performance
3. Determines the source and amount of finance needed in an enterprise
4. It's a tool that gives guidance to business growth
5. Helps entrepreneurs to focus and foresee various risks and uncertainties and to formulate strategies of how to overcome them
6. Helps entrepreneurs review business ideas;
7. It informs the business stakeholders more about the business
8. It is a motivating factor for the entrepreneur and employees.

Discuss reasons why some business plans fail

1. Setting unattainable plans goals
2. Lack of proper communication skills about the plan to the rest of members
3. If the plans is vague
4. Setting complex plans that are not easy to understand by the rest of members
5. Lack of setting backup of figures
6. Setting goals that are not measurable
7. Lack of total entrepreneurial commitment to the business
8. Lack of adequate entrepreneurial experience/competence
9. When the entrepreneur lacks sense of potential threats or weaknesses
10. Lack of proper market research
11. When the entrepreneurial products and services do not meet consumer needs

How to Prepare a Business Plan

Business Plan Format

Business Plan format is as follows:

a.	Cover Page
b.	Table of Contents
c.	Front Matter
d.	Executive Summary
e.	Business Description
f.	Marketing Plan
g.	Management and Organizational Plan
h.	Production and Operational Plan
i.	Financial Plan
j.	Appendices
k.	References

Cover Page

a.	Name of the Business (and logo or other trade marks if so desired)
b.	Business address (and telephone, fax and email if desired)
c.	Title of the Document (i.e. Business Plan)
d.	Name of the Presenter:
i.	Presented by.....
ii.	Index No.....
iii.	Name of the Institution.....
e.	To whom it is presented:
 Presented to the Kenya National Examinations Council in partial fulfillment of the requirements for the award of Higher Diploma in Human Resources Management	
f.	Date of Presentation (e.g. December 2016)

Table of Contents

a.	Items of content and corresponding pages
b.	Items reflected in the body

Front Matter

May include items such as:

a.	Acknowledgements
b.	Dedication
c.	Declaration

Executive Summary

a.	Business Description
b.	Marketing Plan
c.	Management and Organizational Plan
d.	Production and Operational Plan
e.	Financial Plan

Business Description

- a. Sponsor(s)
- b. Business Name
- c. Location and Address
- d. Form of Ownership
- e. Products or Services
- f. Industry
- g. Justification
- h. Business Goals and Objectives
- i. Entry and Growth Strategies
- j. SWOT Analysis

Marketing Plan

- a. Customers
- b. Market Share and Trend
- c. Competition
- d. Sales Tactics
- e. Pricing Strategy
- f. Promotion
- g. Distribution Strategy

Management and Organizational Plan

- a. Organizational Structure
- b. Key Management Personnel
 - i. Qualifications
 - ii. Duties and responsibilities
- c. Other Personnel
 - i. Qualifications
 - ii. Duties and responsibilities
- d. Recruitment and Selection
- e. Training and Promotion
- f. Remuneration and Incentives
- g. Support Services
- h. Licenses, Permits and By-laws

Production and Operational Plan

- a. Production and Operational Facilities and Capacity
- b. Production and Operational Strategy
- c. Production and Operational Process
- d. Regulations Affecting Production and Operations

Financial Plan

- a. Pre-operation Costs
- b. Working Capital Requirements
- c. Projected Cash-flows
- d. Pro-forma Income Statements
- e. Pro-forma Balance Sheets
- f. Break-even Point
- g. Profitability Ratios
- h. Desired Financing
- i. Proposed Capitalization

Appendices and References

- a. Appendices
- b. References