

## **BUSINESS PLANNING.**

Is the management tool which focuses on the nature of a business in a logical and organized manner showing the objectives to achieve how to achieve them? It mainly includes studying the feasibility and viability of a business idea in relation to the resources available.

**OR**

It is a document that summarizes the operation and financial objectives of a business showing how they are to be realized.

**OR**

Is a management tool that acts as a control device against which the management insures its achievements?

**OR**

Refers to the process of determining what is to be done in the enterprise, when and who to do it in order to achieve the set financial and operational objectives.

The business plan ensures questions on whether the business will be able to support itself through sales and profits to give the entrepreneur sufficient returns for reinvesting.

### ***Types of business plans.***

There are majorly two types include.

- ✓ ***Formal business plan.*** This refers to a detailed document that usually allows a standard format.
- ✓ ***Informal business plan.*** It refers to a business plan that contains or consists of almost anything. It has no specific format.

### ***Users of a business plan.***

- The entrepreneur.
- Managers.
- Other employees or workers.
- Suppliers.
- Customers.
- Financiers.
- Government.
- Regulatory authorities like ***NEMA.***

### ***Steps Involved in Preparing a Business Plan***

For a feasible entrepreneur, must observe the following steps;

1. ***Scanning the environment and selecting business opportunity.*** This involves observing the different businesses available and choosing the most viable business to be operated for example service business, agro- business etc.
2. ***Carrying out Market survey.*** This involves gathering information concerning the type of business to be started. Such information may include the view of the society

about the business, the real and potential market, business, production requirements etc. such information is helpful to determine the business success.

3. ***Drafting business plan.*** This involves the actual preparation for the plan to be followed. This can be prepared with all the components as such above.
4. ***Discussing business plan*** with other prominent people (successful entrepreneurs) so as to get more ideas on the plan prepared.
5. ***Drafting final business plan copy.*** This is done after taking consideration the advice given by the successful entrepreneurs.
6. ***Preparation of action plan.*** This helps the entrepreneur in the systematic implementation business plan prepared.

**Elements / components or structure of a business plan.** These include the following

- General description of the business
- Mission statement /statement of the mission
- Goals and objectives
- Marketing plan
- □Production plan
- Organization plan
- □Financial plan.
- Cover page.
- Executive summary.
- Action plan.

**Cover page,** this gives the document title and other details to direct the reader.

**Executive summary (not to exceed two pages),** refers to section of a business plan that covers the business overview i.e. what the business is all about.

**Components / structure of the executive summary.**

it contains the following.

- ✓ The background of the business.
- ✓ The objectives of the business.
- ✓ The products services of the business offers.
- ✓ An overview of the products or services.
- ✓ The vision of the business and mission statement.
- ✓ The competitive advantage of the business.
- ✓ The project growth.
- ✓ The key members of the business.
- ✓ Funding requirements of the business.
- ✓ Future plans.
- ✓ Brief overview of the market for the products and services.
- ✓ Charts or tables showing highlights of financial forecasts.

**Importance of an executive summary.**

- ✓ It helps to give an overview of everything that has been written.

- ✓ It creates memorable first impression.
- ✓ It convinces the render that the new venture is a worthy investment.
- ✓ It concisely summarizes the technical, marketing, financial, and managerial details.
- ✓ Gives a brief overview of the strategies that will make the firm to succeed.
- ✓ It compels the render to read more.
- ✓ Differentiates the business from the rest.
- ✓ It saves time of the reader.

## **AN EXECUTIVE SUMMARY FOR WESTLAND BAKERY P.O.BOX 33 MITYANA.**

**WESTLAND BAKERY.**

**P.O. BOX 33 MITYANA**

**TELL: 0757080622.**

*“ Dealers in producing and selling of high quality bakery products”*

### **AN EXECUTIVE SUMMARY.**

***The background of the business***, the business was established in 2000 with capital amounted to shs 55,000,000. It is located a long kampala mityana road one kilometer from zigoti trading centre.

***The objectives of the business***, these are. To increase market, share by 80% per year. To minimize the costs by 75% per year.

***Products or services offered***. These include bread, daddies, cakes and others.

***The vision and mission statement of the business***. The vision is. “To be the leading producer and supplier of bakery products in the whole district of mityana”. The mission. To provide high quality bakery products to customers at low and affordable prices to satisfy their daily demands by using high quality in-puts like wheat.

***The competitive advantage of the business***, the business employs highly experienced workers with high level of retention and motivation.

***The projected growth***, the business expects to open up more three branches in northern, western and central parts of Uganda.

***The key members of the business***, these are Mr Ssemakula Brian general manager, Mr Kato sales manager, Mr henry financial manager.

***Funding requirements of the business***, the business needs a larger ware-house, lorry truck, more land for expansion.

***Future plans***, the business plans to produce 10,000 breads per weeks.

***Brief overview of the market for the products and services***, the major market is between the zigoti trading centre but the business exports some products to western Kenya.

**Prepared by:**

**NAME:** Ssemakula Brian

**SIGN:**.....

**TITLE:** GENERAL MANAGER

**Approved by:**

**NAME:**.....

**SIGN :**.....

**TITLE:**.....

### **General description of the business**

This refers to a summarized statement on the type of business being planned indicating the needs of the market fulfilled, uniqueness of yours from other business and the principle strength and opportunities of the business.

#### **Components of the general description of the business.**

- Business name and address.
- Business location.
- Purpose of the business i.e. vision, mission, goals and objectives.
- Goods or services offered.
- Nature of the business of business ownership.
- SWOT analysis.
- Uniqueness of the business.
- Date of establishment.
- Description of assets.
- Customers served. Etc.

#### ***Qn, give the general description of your school business club.***

- ❖ **Name and address of the business,** the business is called Westland bakery P.O BOX 45673 mityana, telephone numbers or business contacts 0757080622 or 0778430486.
- ❖ **Business location,** the business is located a long kampala-mityana road or highway one (1) kilometer from zigoti trading Centre opposite Kato tea processing plant in mityana district.
- ❖ **Vision statement of the business,”** To be the leading supplier of bakery products in the whole community of Kagavu”.

**Mission statement of the business,”** To produce and sell high quality bakery products to customers at low and affordable prices to satisfy their daily demands by using high quality in-puts like wheat”.

- ❖ **Target market / customers served,** these include residents from Kagavu community, students within the school, teaching and non- teaching staff, aswell as institutions within zigoti community like kyankowe primary school, St henry nursery and primary school and others institutions.

- ❖ **Products and services offered**, these including breads, daddies, cakes, matooke, cassava, beans, guntis, juice, posho, Black tea and others like snacks such as chapattis, etc.
- ❖ **Nature of business ownership**, the business is a partnership business owned and operated by 60 members.
- ❖ **Date of establishment** or period when the project was started or established, the business was established on 8<sup>th</sup> February 2019.
- ❖ **Uniqueness of the business**, it is the only business within the school community dealing in manufacture of snacks like daddies, it uses milk to mix with other inputs instead of water only and salt, our products were having a long life span for one week.
- ❖ **Sources of funds**, are subscription fee of shillings 10,000 per club member every year, selling of 200 shares at shillings 10,000 per share, contribution from the school administration of shillings 100,000, bank loan from Kagavu saving and credit cooperative society (SAACCO) of shillings 70,000 and other sources.
- ❖ **Description of premises and assets**, the business owns 2 frying pans, 3 tables, 1 charcoal stove, 3 chairs and 1 operating room and others.

**Statement of vision, mission, goals and objectives of the business.** It shows the main overall purposes of the business.

**The vision is.** “To be the leading producer and supplier of bakery products in the whole district of mityana”

### **Statement of the mission and objectives.**

This refers to a mission statement that indicates the purpose of a business and it seeks to answer the following questions.

### **My business mission**

To produce and distribute high quality bread, cakes, cookies and doughnuts at affordable prices so as to meet satisfaction and all the nation diet you can ever need to be your breakfast.

Or

**The mission.”** To provide high quality bakery products to customers at low and affordable prices to satisfy their daily demands by using high quality in-puts like wheat”.

### **Goals**

These have medium and long term targets that the entrepreneur wants the business to achieve based on his/her mission statement e.g. to become a marketing leader to win a big market share to be recognized in society.

### **Goals of the business.**

- i. To realize profits by 80% in a year.
- ii. To acquire entrepreneurial skills by all members by the end of the two years.

- iii. To bring goods or services nearer to the customers by the end of the two years.
- iv. To provide a variety of products to our customers and hence improving quality of life after a year.
- v. To increase market by 50% in a year.
- vi. To minimize costs by 80% after two years.

### **Objectives**

These are specific targets that an entrepreneur states and drives him/her into the direction of achieving his/her goals.

### **Examples**

- 1) To increase sales by 20% per annum
- 2) To improve plant productivity by 20% in one year

### **MARKETING PLAN**

This is an analysis of the possible position and opportunities in the secondary and main market which the business will target, markets segments, customer's needs, buying patterns and beh.

### **Elements /components /factors considered when designing a marketing plan.**

- 1) *Analysis on the various ways/communicating* with and influencing the customers through advertising and promotion
- 2) *Qualified statement of the market size*, growth and expected market share.
- 3) *The state of competitors*. This involves determining their strength market up, volume of sales and [pricing strategies, weakness and number of competitors it has from differs from others.
- 4) *An analysis of the product and its value to the consumer* i.e. what needs have been satisfied by the products.
- 5) *Selecting the distribution channels and other alternatives* in bringing the products to customers e.g. use of direct, marketing agencies or long distribution channels.
- 6) *General statement* of current market prices of similar products and possible prices that the market can afford.
- 7) *Expected sales*. This involves identifying the total sales volume the business expects to get.
- 8) *Plan for recruiting and motivating sales personnel* to achieve the sales target.
- 9) *Sales promotion and advertising strategy*. This involves identifying the methods to use to inform and attract customers like after sales servicers, giving samples, discounts etc.
- 10) *Terms and conditions for selling*. The entrepreneur is required to establish the system of selling i.e. cash or credit basis, selling and regular basis order with cash.
- 11) *Nature of the products or services it be offered*. This involves describing the product and its values to customers.

12) ***Pricing strategies and Policies.*** It involves determining the price at which the producer or seller is to offer his products or services while considering the current market prices.

13) ***The on-going tension both primary and secondary markets*** where the entrepreneur intends to sell his/her products

14) ***The projected marketing expenses.*** This involves establishing costs to the incurred in the marketing e.g. commission is paid sales representatives/marketing agents.

## **A MARKETING PLAN FOR THE PRODUCTS OF WESTLAND BAKERY P.O. BOX 33 MITYANA.**

**WESTLAND BAKERY.**

**P.O. BOX 33 MITYAN,**

**TELL: 0757080622.**

*“Dealers in producing and selling of bakery products”*

### **A MARKETING PLAN.**

***Target market,*** the target market for Westland bakery products includes, the residents from Kagavu trading centre. Students from kyankowe primary school, residents from zigoti town council. Etc.

***Products or services offered,*** the main products are breads, cakes, doughnuts, daddies and other. These are packaged in polythene bags having business identity.

***Position of competitors,*** the nearest direct competitors include KK bakery, zigoti bakery, Kagavu bakery limited.

***Pricing and sales,*** one bread sold at shs 2,000, a pack of daddies at shs 5,000. The strategies used in pricing are cost oriented pricing, demand oriented pricing as well as competition oriented pricing.

***Promotion and advertising.*** The promotional tools used are advertising over radio C.B.S. to capture customers from distant areas, use of personal selling, sign post and other means of advertising and promotion.

***Distribution strategy,*** Westland bakery sales its products directly to customers who come to the bakery premises, use of wholesalers and retailers.

***Projected marketing expenses,*** Westland bakery incurs costs on radio advertising, sign post design, brochures and sales person’s commission.

Prepared by:  
by:

Approved

NAME: Ssemakula Brian.  
SIGN.....

SIGN.....

## PRODUCTION PLAN

This is an analysis of the projected needs for buying /producing the proposed goods needed  
**Components of production plan.**

- 1) ***Business site and location required.*** It includes stating the postal and physical address of the business.
- 2) ***Production process, flow and lay out.*** This involves identifying the steps involved in producing a particular product.
- 3) ***Plant capacity*** is required in the short and long term period to meet the market demands. It involved identifying the required volume of goods that machines can provide.
- 4) ***Quantities estimated to be produced or serves delivered.*** This refers to the volume of goods to be produced.

It involves laying out strategies to produce goods that satisfy customer's wants to.

- 5) ***Specification of machines, tools and the equipments required.*** It involves identifying the type of machines to be purchased.
- 6) ***Raw materials standards,*** amounts and stock required. The entrepreneur is required to establish the quality of raw materials required for continuous production.
- 7) ***Purchasing plans, re-order plan level etc.*** It involves identifying the time i.e. when order for goods you receive them to avoid shortages.
- 8) ***Inventory plans for stock in progress and finished products.*** It involves establishing a place where raw materials, finished goods etc. are to be kept.
- 9) ***Production control requirements.*** It involves estimating expected output to be produced per worker in the production, process and the total output.
- 10) ***Any research and development plans expected.*** The entrepreneur required to specify areas where the current production process.
- 11) ***Steps for monitoring external technology and process changes*** which can affect the current production process.
- 12) ***Labor requirements.*** This involves establishing the type of labor to work in the business  
i.e. skilled, semi-skilled, amount to earn, level of qualification etc.
- 13) ***Utilities to be used*** like electricity, water, insurance etc. and the costs required.
- 14) ***Packaging materials to use.*** This involves sources the packaging materials and their costs.
- 15) ***Disposal of the waste products.*** This involves establishing the amount of wastes the business and how they can dispose it off.



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## **A PRODUCTION PLAN FOR WESTLAND BAKERY P.O. BOX 33 MITYANA.**

**WESTLAND BAKERY**  
**P.O. BOX 33 MITYANA.**

**TELL: 0757077077**

*“Dealers in producing and selling of bakery products”*

### **PRODUCTION PLAN.**

***Business location and premises***, it is located along mityana kampala road one kilometer from zigoti trading centre opposite shall petrol station in mityana district.

***Manufacturing process and flow***, the business produces high quality products. Basing on the projected demand it produces 100 bags of breads per week.

***Choice of machinery***, tools and equipments used, these include jerry cans coolers, tanks, generators, filter, labeling machines, packaging machines, stabilizers, fire-extinguishers etc.

***Raw-materials used***, raw-materials are oranges, mangoes, fruits, banana, wheat, water, sugar, salt, food colour and others.

***Labour requirements***, the business employs 20 workers of which seven workers are skilled and the rest are un skilled.

***Packaging requirements***, juice is packed in plastic jerry can of 20 litres, breads are packed in polythene bags.

***Power and utilities used***. Hydro-electricity power is at all times and a standby generator, diesel, water for cooling, washing and others.

***Transport facilities***, the business owns a pick-up vehicle which transport raw-materials and finished goods to market places.

***Waste disposal management***, wastes are disposed off to PPP pig farm which use them to produce pig feed as well as production of bio-gas.

***Other facilities required***, the business bought 20 office chairs, 25 office tables, 5 refrigerators, a television set, two computers a printer and some stationary goods like books.

***Purchasing and re-order level plan***, the business buys raw-materials in bulk to obtain discounts and the re-order level for wheat is a half of the total quantity required weekly.

**Prepared by:**

NAME: Ssemakula Brian.

SIGN:.....

**Approved by:**

NAME:.....

SIGN:.....

TITLE: PRODUCTION MANAGER

**ORGANISATIONAL PLAN.**

This is the frame around which people, machines equipments or other physical parts of the plan together to have an operating business.

**Components of an organizational plan.**

- 1) It allows determining the people to work in the business and their supervisors.
- 2) Tasks to be performed by employees
- 3) Administering of the business i.e. those to supervise of business activities.
- 4) Level of qualifications i.e. skills knowledge required i.e. degree, diploma etc.
- 5) Amount of wages paid to employees.
- 6) Other fringe benefits to employees for example medical services lunch, accommodation etc.

**Note; For easy distribution and performance of their duties the entrepreneurs should organize and organization chart to be followed by all workers.**

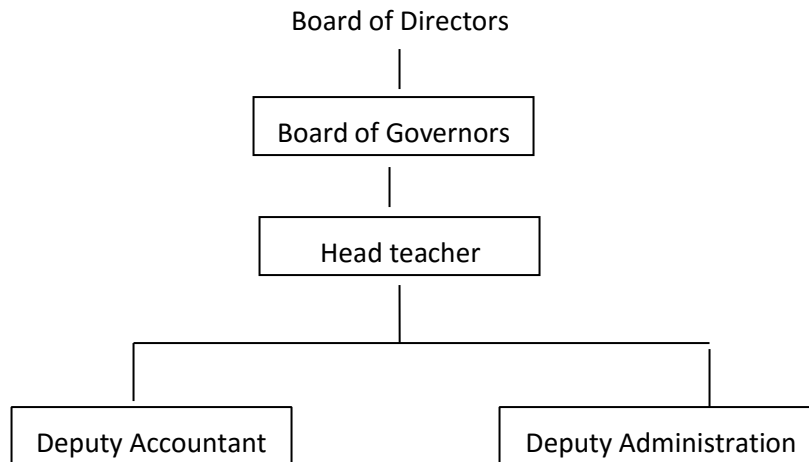
**An organization chart, is through an illustration showing the increase of administration with an organization.**

**Organization Chart**

This is a diagrammatic representation which shows the hierarchy of human person ale in an enterprise.

**An illustration of an organization chart /organization chart of a school**

***A Typical Illustration of an Organization Chart or Organizational chart of a School***



### **IMPORTANCE /USES OF AN ORGANISATIONAL PLAN/ MANAGEMENT PLAN.**

- 1) It specifies the reporting relations within the entrepreneur i.e. the subordinates.
- 2) It gives management guide to the business.
- 3) It determines payment for workers i.e. the higher the position the higher the payment of the lower position the lower the payment.
- 4) It facilitates efficient monitoring and supervision of the business
- 5) It enables the enterprise to maintain discipline among workers
- 6) It avoids duplication of roles among the workers since duties of each worker are clearly put down.
- 7) It promotes co-operation or team work among workers since every-body is satisfied with his or her status.
- 8) It promotes delegation of work in an enterprise leading to continuous supply of goods or services.

### **Explain objectives of organizational charts in various enterprises.**

- ★ To enable the enterprise, maintain discipline among workers
- ★ Organizational charts help to give direct clear management guide to the business.
- ★ To facilitate efficient monitoring and supervision in an enterprise.
- ★ Organization charts determine payment of workers in an enterprise.

### **Under what circumstances can an organization chart be used in an enterprise.**

- ✦ Where there is a need to facilitate efficient monitoring and supervision in an enterprise.
- ✦ Incase an entrepreneur wants to give a clear management guide of the business.
- ✦ When there is need to maintain or promote discipline among the workers in an enterprise.
- ✦ When there is need to promote delegation of work in an enterprise. This helps in the continuous supply of goods and services.

**AN ORGANIZATION PLAN FOR WESTLAND BAKERY P.O BOX 33 MITYANA.  
WESTLAND BAKERY.**

**P.O. BOX 33 MITYANA.**

**TELL: 0757080622.**

*“Dealers in producing selling of bakery products”*

**AN ORGANIZATION PLAN.**

**Number of employees or people working in the business**, the business employs 20 workers of which eight workers are skilled and the rest are un-skilled. Skilled workers are general manager, financial manager, human resource manager, marketing manager, purchasing manager, production manager. While un-skilled workers are cleaners, packers (casual workers).

**Duties and responsibilities or tasks of workers**, the general manager is in charge of overall management, financial manager receives and pays out money, human resources manager responsible for recruiting employees as well as other functions of human resource management like motivation of employees. **On other hand** casual workers are responsible for cleaning, packaging of products as well as loading and off-loading of products.

**Worker's qualifications**, the general manager holds a bachelor's degree in business administration, financial manager holds a degree in accounting and finance, human resource manager with a bachelor's degree in human resource management. **On other hand** un-skilled workers possess O- LEVEL certificate.

**Fringe benefits given to employees**, skilled workers are given medical, housing, transport in addition to meals, **while** casual workers are given only meals.

**Worker's remuneration** or payments per month.

Position    no    salary    total amount(shs).

**Prepared by:**

NAME: Ssemakula Brian

SIGN.....

**Approved by:**

NAME.....

SIGN.....

**FINANCIAL PLAN.**

This refers to the financial requirements of the estimated business. It includes projections of income and profit, balance sheet and cash flow of the proposed business.

**QUESTIONS ABOUT FINANCIAL PLAN MUST ANSWER COMPONENTS.**

- 1) What is the total cost to start up to operate the proposed business.
- 2) How will the proposed business be financed.
- 3) Which source of funds will be the tapped and what will be associated cost.
- 4) What is the break-even state of the business i.e. the maximum sales you can experience in the business.
- 5) What is the return in the investment?
- 6) Is the proposed business profitable?
- 7) How will the income be used?

**COMPONENTS OF FINANCIAL PLAN**

- 1) It shows the total costs of the business required i.e. the direct, indirect, selling and distribution costs general and administrative expenses etc.
- 2) It shows the methods of funding the business e.g. debt financing.
- 3) It shows the sources of funding the business. This involves establishing the possible source.
- 4) The expected sales from a business. It involves determining in the business expects to get from its total sales.
- 5) It indicates the expected returns or net profits of the business
- 6) It shows the various ways in which the income will be used in the business
- 7) Projected cash flow.
- 8) Projected balance sheet.
- 9) Break-even analysis i.e. this is where the total cost equals total revenue  
=  $\frac{\text{fixed expense}}{\text{costs}} * 100$   
Sales- direct expenses
- 10) Sources of funds or finance.
- 11) Sensitivity analysis i.e. this tries to determine how much effect, different factors can have on the outcome of a project. Sensitivity analysis typically involves posing

what if questions for example for example what if the demand fell by 10% compared to our original forecasts. Would the project still be viable?

- 12) Fixed capital requirement.
- 13) Working capital requirements.
- 14) Income statement or projected income or sales.

***Importance of a financial plan.***

- Used for projecting the cash flow.
- Helps to project balance sheet.
- Used for break-even analysis.
- Identifies the sources of finance.
- It is used during sensitivity analysis.
- Establishes fixed capital requirements.
- Identifies working capital requirements.

**A FINANCIAL PLAN FOR WESTLAND BAKERY P.O BOX 33 MITYANA.**

**WESTLAND BAKERY.**

**P.O. BOX 33 MITYANA.**

**TELL: 07570822222.**

*“Dealers in producing and selling of bakery products”*

**A FINANCIAL PLAN.**

**REQUIREMENTS SHS**

**SHS.**

**FIXED CAPITAL ITEMS**

Buildings	****
Vehicles	****
Furniture	****
Land	****

***Total fixed capital items.***

**\*\*\*\*\***

**WORKING CAPITAL ITEMS.**

Labour	****
Water	****

Electricity \*\*\*\*

**Total working capital items.**

\*\*\*\*\*

**START-UP EXPENSES.**

Installation of electricity \*\*\*\*

Installation of water source \*\*\*\*

Trading license \*\*\*\*

Market survey expenses \*\*\*\*

**Total start-up expenses.**

\*\*\*\*\*

**TOTAL FUNDS REQUIRED.**

\*\*\*\*

**SOURCE OF FUNDS**

**Itemsshs**

Personal savings

\*\*\*\*\*

Loan from micro finance.

\*\*\*\*\*

**Expected sales,** Westland bakery expects sales revenue of shs..... per month.

**Profitability of the business,** the business expects a rate of return on investment of shs ... at the end of the first year.

**Cash flow statement (permonth) shs.**

Cash inflows

\*\*\*\*\*

Cash outflows

\*\*\*\*\*

Balance c/d (net cash position)

\*\*\*\*\*

**Prepared by:**

**Approved by:**

**NAME:** Ssemakula Brian.

**NAME:**.....

**SIGN:**.....

**SIGN:**.....

**TITLE:** FINANCIAL MANAGER

**TITLE:**.....

**ACTION PLAN OR IMPLEMENTATION PLAN.**

It refers to a careful layout of sequenced activities towards achieving the business goals.

Or

It is a time table for implementation the planned business activities in a logical order.

**Importance or uses of action plan or work plan or implementation.**

- i. It helps and guides the entrepreneur to remain focused during implementation of his or her business activities.
- ii. It helps the entrepreneur to identify business obstacles in advance and take appropriate measures to overcome them.
- iii. It helps the entrepreneur to obtain information (feedback) on the progress of the business.
- iv. It helps the entrepreneur to identify, strengths, weakness, opportunities and threats of his or business and those of competitors.
- v. It serves as a time-table for implementing business plan (activities).

## **AN ACTION PLAN FOR WESTLAND BAKERY P.O BOX 33 MITYANA.**

**WESTLAND BAKERY**

**P.O. BOX 33 MITYANA**

**TELL: 0757080622.**

*“Dealers in producing and selling of bakery products”*

### **AN ACTION PLAN**

**Time frame   Activity   person in charge   remarks.**

Obtaining the loan.

Purchasing more land.

Construction of buildings

Installation of machines

Installation of utilities like water.

Recruiting employees.

Purchasing of raw-materials.

Advertising



Starting normal production process.

**Prepared by:**

**NAME:** Ssemakula Brian

**SIGN**.....

**TITLE. GENERAL MANAGER**

**Approved by:**

**NAME**.....

**SIGN**.....

**TITLE**

## **USES OF A BUSINESS PLAN TO DIFFERENT STAKE HOLDERS TO AN ENTREPRENEUR.**

- ❖ **The following are benefits of a business plan to an entrepreneur.**
- ❖ It helps an entrepreneur to test the feasibility of the business idea. It tests whether the idea of starting a business is feasible which saves wastage of money and time on unfeasible business.
- ❖ It shows the viability of the business (profitability) according to the financial plan.
- ❖ It facilitates the monitoring of the business based on the set goals and objectives.
- ❖ It helps an entrepreneur to define the goals and objectives of the business.
- ❖ It makes it easy for an entrepreneur to access money or funds (loans) from financial institutions and other money lenders according to the financial plan.
- ❖ It is a time table for implementation business activities in a logical and consistent manner according to the action plan.
- ❖ It enables an entrepreneur to assess the SWOT analysis of the business i.e. strengths, weaknesses, opportunities and threats according to the general description of the business.
- ❖ It helps entrepreneur to identify the amount of tax to be paid to the government.
- ❖ Enables an entrepreneur to adequately prepare for the business in a systematic and focused way according to the statement of mission, goals and objectives.
- ❖ It helps entrepreneur to spell out the different duties and responsibilities of employees according to organization plan.
- ❖ It lays down marketing strategies that an entrepreneur uses to promote sales according to the marketing plan.
- ❖ It acts as a basis for obtaining permission to start a business and conform to legal regulations.
- ❖ It attracts investors to offer financial support to the entrepreneur business according to the financial plan.
- ❖ It gives the new business the best possible chance of success, according to the financial plan.

- ❖ It makes business planning manageable and effective according to statement of vision, mission, goals and objectives of the entrepreneur.
- ❖ Acts as a tool for mobilizing production and human resources through expressing material and man power.
- ❖ Facilities investment decision for example mergers and takeovers.
- ❖ It helps an entrepreneur to find out the expected targets of the business in a given period of time.
- ❖ Provides employers with information about where the business is going.
- ❖ It helps an entrepreneur in making good decisions for the business according to action plan, financial plan, organizational plan.

### **TO EMPLOYEES**

- 1) It helps employees to know and determine their expected production targets. It states the output to produce by each employee in the business.
- 2) It provides employees with in 40 about where the business is going and their role in it.
- 3) It helps shows employees how they be engaged with the business and give them the since of job security.

### **TO THE GOVERNMENT.**

- It helps the government to establish the effects of the proposed business to the natural environment through looking the activities to be done by the business via or through Uganda national environment management authority (**NEMA**).
- It acts as a basis for tax assessment in order to raise the required revenue from the business it shows the size of the business.
- Helps the government to establish whether the proposed business is legal or illegal.
- It helps to show the market strategies to promote sales by the government
- Business plan is a basic of determining government revenue or tax from the business profits
- It helps the government to gauge the trend business activities in the country and therefore plan accordingly.

### **TO FINANCIERS.**

- ❖ It helps the financers such as banks to decide whether to give financial assistance by looking at business financial position according to financial plan.
- ❖ It helps the financers to know whether the business would be able to pay back the loan in the stated period according to financial.

### ***QUETIONS***

- a) *Explain the advantages of a business plan in an enterprise.*

- b) *Explain the objectives of preparing a business plan*
- c) *Why it is necessary to prepare a business plan*
- d) *An entrepreneur can do without a business plan. Justify the statement*
- e) *Explain the role of a business plan in an enterprise.*
- f) *Explain the rationale for preparing a business plan.*

### **OBJECTIVES/RATIONALE OF PREPARING A BUSINESS PLAN.**

The following are the objectives of preparing a business plan.

- 1) 1). To test the feasibility of the business. Business plan preparation is intended to find whether business is socially accepted in the community where it intends to operate.
- 2) 2). To secure funding for example bank loans. Business plans are prepared in order to obtain loans from financial institutions since it is pre-requisite for them to advance loans.
- 3) 3). To act as a basis for obtaining permission to start the business. Business plan are prepared to authorities to allow the business owners operate legally in the community.
- 4) 4). To enable the government to gauge the trend of business activities in the country. Business plans are required by the government so as to determine the nature of business dominating in the country and the sectors neglected hence planning accordingly.
- 5) 5). To enable the government to assess the correct tax imposed on the business. Business plans are prepared to guide the government in imposing taxes charged on business since it indicates the expected sales and profits.
- 6) 6). To act as a time table for implementing the business. business plan is prepared in order to guide the owner and employees on what to do how to do it and when to do it so as to reduce on time wastage.
- 7) 7). To enable the owner or managers to monitor business performance. A business plan is prepared to act as a management tool to co-ordinate and supervise business activities since it indicates business activities to be performed and the people in charge.
- 8) 8). To keep the owner of the business focused while implementing the business. Business plan is prepared to keep the owner thinking about his/her business and its nature prospects.
- 9) 9). To set realistic goals and objectives. Business plan are prepared in order to enable owners set realistic goals and objectives since they highlight the amount of capital available and needed sources of capital etc.
- 10) 10). To highlight the challenges in advance the business is likely to face. Business plans are prepared so as to identify possible challenges business are most likely to face and possible solutions become they occur.
- 11) 12). To assess the SWOT analysis of the business is prepared so as to identify the strength of the business, weakness, opportunities the business is to exploit and possible threats that can lead to its collapse.

12) 13). To identify the expected production targets. Business is prepared so as to enable employees to know the expected out-put from a production cycle.

13) 14). To lay down strategies to promote sales. Business plans are prepared so as to design marketing strategies to be used by the business so as to promote sales like giving after sale services etc.

## RESEARCH

- *Explain the factors that influence the success of business plans in your country.*
- *Account for the failure of business plans in your most enterprises.*
- ***Explain the factors limiting the success of business plans in your country.***
- ***Examine the pre-requisite for the success of business plans in your country.***

***or***

- **Under what circumstances may a business plan be desirable.**
- **Under what situations may a business plan be necessary or used.**

**(Use) in case, if, where, when.**

1. In-case there is need to design a marketing strategies to be used by the business.
2. In-case there need to monitor the performance of the business.
3. If there is need to determine the expected production, s strategies of employees.
4. If the is need to set realistic goals and objectives to be achieved
5. .When there is need to set realistic goals and objectives to be achieved.
6. Where there is need to draft a time title for a business.
7. In case there is need to assess the SWOT analysis of the business
8. In-case there is need to identify challenges of the business. 9.If there is need to keep the owner of the business focused.

***Factors limiting the success of business plans challenges or problems faced by entrepreneurs when implementing a business plan.***

The following are the factors limiting the success of business plans.

- 1) ***Inadequate funds /resources.*** The shortage of funds /capital limits effective implementation their business since its needed to buy necessary facilities.
- 2) ***Formatting of ambitious plans.*** Many business plans fail because they are realistic compared to the ability and strength or plan implementers.
- 3) ***Delay in the delivery of raw materials /resources*** This limits of effective implementation of business plans due to the failure to perform the set target /activities in time.
- 4) ***Unfavorable government policies regarding taxation,*** business registration and licensing /government interference.

- 5) ***Economic instability /price instabilities.*** This leads to underestimation of costs to implement of the plan due to their increasing prices.
- 6) ***Inadequate skilled man power to implement.*** This makes many business plans to fail due to poor methods used to implement plans by incompetent workers.
- 7) ***Inadequate statistical data got during market research.*** This it's the success of business plans since the set targets and methods to implement them based on wrong data.
- 8) ***Political instabilities*** in places where business plans are to be implemented scares plan implementers due to the fear of losing their lives hence leading to plan failures.
- 9) **High degree or corruption and embezzlement of funds meant for plan implementation.** The misuse of funds meant for implementing the plan by the top management makes of plan formulated to fail.
- 10) ***Natural calamities /unfavorable climate factors like floods,*** drought limits the mobility of plan implementers to monitor the performance of the business and resources from the intended purpose so as to calm them down
- 11) **Failure to involve state holders in plan formulation and implementation ignorance of stake holders about the plans formulated.** This limits the success of such plans since there stake holders are the one meant to implement in monitor them.
- 12) **Personal weakness of the entrepreneur.** This limits the success of business plans due to the inability to co-ordinate employees.
- 13) **Under development infrastructures.** Limits mobility of plan implementers and supervisors e.g. getting the required resources from areas under developed roads become difficult and increase transport costs.
- 14) **Stiff competition in the market.** This discourages many entrepreneurs to complement the plans they have drafted to the fear to be outcompeted hence plan failures.
- 15) **Inconsistencies in implementing business plans.** Many entrepreneurs keep on trying very many business plans at a go and fail to concentrate few or one business plan hence leading to its failures.

### **Explain the factors influencing the success of business plan?**

1. Availability of statically data.
2. Political climate.
3. Availability of capital or resources.
4. Quality of personal entrepreneur qualities possessed by the owner
5. Level of availability /degree of corruption
  - 1) Availability of trained man power.
  - 2) Natural factors like rainfall
  - 3) Degree of government intervention
  - 4) Level of economic stability /price stability.
  - 5) Level of infrastructural development

- 6) Degree of awareness of their stake holders
- 7) Quality of business plan preparation
- 8) Level of consistence in plan implementation

**N.B:** *explain both positive and negativeside.*

## **THE BUSINESS MONITORING TOOL.**

After proper planning and setting up of business the entrepreneur must carry out case of monitoring /major control of his /her business as to achieve the pre-determined. This can be done with the help of the following tools:

- 1) **The sales target.** These are numerical/qualitative targets set by the sales department to be achieved in a specific period of time they selling two tonner of maize flour in a month.
- 2) **The production target.** These are numerical targets set by the production development to be achieved in a specific period of time e.g. producing 1000 tones of a particular product.
- 3) **Operation budget.** This document which provide a summary of the business revenue and expenditure for a given period of time .it shows incomes earned by the business, expenses incurred and the net revenue (net profit) of the enterprise.

## **FORMATION OF THE OPERATION BUDGET.**

### **TRANSACTIONS**

Cash in flow		October	November	December
Expected sales		xxxx	xxxx	xxxx
Loan		xxxx	xxxx	xxxxx
Donation		xxxxx	-	xxxxx
Total cash flow		xxx	xxxx	xxx
Balance brought down		xxxx	xxxx	xxx
Total cash flows		xxxx	xxxx	xx

Net cash flow		xxxxx	xxxx	xxx
Balance carried down			Xxx	xxx
Cash flows				
Payment salaries and wages		xxxx	xxx	xxxxx
Electricity		xxxx	Xxx	xxxxx
Feeding		xxxx	Xxx	xxxx

### IMPORTANCE OF AN OPERATIONAL BUDGET.

- It helps the entrepreneur to determine the business operational cost in advance.
- It helps to forecast the expected business revenue in a particular year
- It forms a basis a plan which future plans of the business are made.
- It encourages hard work spas to achieve the pre-determined target.
- It forms a bar for comparing performance between to periods hence making it possible for the entrepreneur to affectively carry business evaluations.

**4.CASH FLOW STATEMENT.** Is a financial document which shows the expected monthly receipts and expenditure payment, it helps the entrepreneur to determine the monthly expense in relation to the monthly revenue.

**The following are components of a cash flow statement**

- Cash inflow
- Cash outflow
- Balance carried down
- Balance brought forward
- Net cash positon.

**5. Bank reconciliation statement.** This is a document issued by the bank, showing a summary of the transactions that took place on the clients' accounts in a given period of time.

**6. THE WORK ORDER FORM.** This is a document prepared showing the customer daily orders and the employee responsible to serve a particular customer.

It shows the date on which the order to be worked on, name and address of the customer to be served the telephone contact of the customer, water order number, starting and ending time.

Serial number	Customers	Work	Employee	Starting time	Ending time	Job cost
1	Kintu	Making dining	Joseph	8:00am	3:00pm	600,000
	Frank	tables	and Alex			
2	Kitooke Andrew	Making curtains, tables	Kasule and Moses	7:00pm	2:00pm	5000,000

**7. WORK SCHEDULE.** Is a document which shows the tasks to be done by each employee in the enterprise daily and the time allocated on each activity

#### **FORMATION OF A WORK SHEDULE.**

<b>N O.</b>	<b>DAY/DAT E</b>	<b>Employee NO.</b>	<b>Employee name</b>	<b>Job Description</b>	<b>Starting time</b>	<b>Ending time</b>	<b>Supervisors</b>	<b>Remarks</b>
<b>1</b>	<b>Monday 20 oct 2012</b>	<b>008</b>	<b>Sebabi Peter</b>	<b>Monitoring early morning prep, taking records of students</b>	<b>6:15 am</b>	<b>5:10 pm</b>	<b>Sendi James Askouti</b>	<b>Work well done.</b>



2	Monday 23 oct 2012	021	Malisha	Supervising breakfast ,locking dormitories.	4:10 pm	6:00 pm	Mansion	Task, well done
3	Monday	041	Mr. Sendi	Supervising assembly	6:50 am	7:00 am	Mr.Sekamate	Task welldone.

### IMPORTANCE OF A WORK SCHEDULE.

- 1) It ensures at tasks a completed on time.
- 2) It ensures proper sequencing /rationing of time since tasks are required to be completed before others are done
- 3) It helps in proper co-ordination of work with in the business
- 4) It eliminates laziness, rumors mongering etc. during time of work.

### PROFILE FOR WESTLAND BAKERY.

**WESTLAND BAKERY.**

**P.O. BOX 33 MITYANA**

**TELL: 0757055555**

*"Dealers in producing and selling of high quality bakery products"*

### PROFILE FOR WESTLAND BAKERY.

**Name and address of the business.** The business name is Westland bakery located a long mityana-kampala road one kilometer from zigoti trading centre opposite Kato tea processing plant.

**Line of the business.** The business deals in producing and selling of bakery products like breads.

**Background of the business.** The business has been in existence for 5 years. It started as a small business operating in wooden structures and keeps on expanding due to the hard work of the proprietor and trust customers.

**Marketing strategies.** The business markets its products using the local radios like zigoti FM and Kagavu FM to inform the customers about the availability of the products.

**Mode of ownership.** The business is a sole proprietorship business owned by Mr Ssemakula Brian and employs 18 workers to boost the business.

**Prepared by:**

**NAME:** Ssemakula Brian

**SIGN:**.....

**TITLE:** GENERAL MANAGER

**Approved by:**

**NAME**.....

**SIGN**.....

**TITLE**.....