



HOW TO DRAW UP A WINNING BUSINESS PLAN

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WHAT IS BUSINESS PLANNING?



- ▶ PLANNING MEANS *“THINKING AND WORKING OUT WHAT TO DO ABOUT SOMETHING BEFORE IT HAPPENS.”*

- ▶ FOR A BUSINESS , PLANNING MEANS *“THINKING ABOUT AND WORKING OUT WHAT TO DO TO IMPLEMENT YOUR PROJECT AND/OR IMPROVE YOUR BUSINESS IN THE FUTURE.”*

WHAT IS A BUSINESS PLAN?



- ▶ A DOCUMENT THAT HELPS YOU PLAN, START AND RUN A BUSINESS.
- ▶ IT IS LIKE A ROAD MAP THAT SHOWS WHERE THE BUSINESS IS NOW, WHERE THE BUSINESS IS LIKELY TO BE OVER THE NEXT YEARS AND HOW IT WILL GET THERE.
- ▶ THE BUSINESS PLAN IS A DYNAMIC DOCUMENT THAT IS LIKELY TO CHANGE AS YOU LEARN MORE ABOUT THE INDUSTRY.
- ▶ ***THERE IS ALSO NO SINGLE LAYOUT FOR BUSINESS PLANS. ALL THAT IS NEEDED IS THAT A BUSINESS PLAN SHOULD COMMUNICATE A GOOD BUSINESS IDEA IN A REALISTIC WAY.***

OBJECTIVES OF A BUSINESS PLAN



- ▶ TO EVALUATE THE BUSINESSES' CHANCES OF SUCCESS
- ▶ TO IDENTIFY THE KEY VARIABLES THAT WILL DETERMINE THE SUCCESS OF THE BUSINESS.
- ▶ A MAP FOR BUSINESS OPERATIONS.
- ▶ A TOOL FOR ATTRACTING MONEY TO HELP FINANCE THE BUSINESS.
- ▶ A MANAGEMENT TOOL FOR COMPARING INTENDED AND ACTUAL RESULTS.

STAKEHOLDERS IN A BUSINESS PLAN



▶ INTERNAL - MANAGEMENT, STAFF

▶ EXTERNAL - CUSTOMERS, INVESTORS, FINANCIAL

INSTITUTIONS

COMPONENTS OF A BUSINESS PLAN



- ▷ TITLE / COVER PAGE
- ▷ TABLE OF CONTENTS
- ▷ EXECUTIVE SUMMARY
- ▷ BUSINESS DESCRIPTION
- ▷ PRODUCT DESCRIPTION
- ▷ SWOT ANALYSIS & MITIGATION STRATEGY
- ▷ MARKETING PLAN
- ▷ OPERATIONAL PLAN
- ▷ MANAGEMENT PLAN
- ▷ FINANCIAL PLAN
- ▷ SUPPORTING DOCUMENTS

EXECUTIVE SUMMARY



- ▶ THIS IS THE SUMMARY OF ALL THE IMPORTANT FACTS CONTAINED IN A BUSINESS PLAN
- ▶ IT SHOULD SELL THE BUSINESS AND ALLOW THE READER TO DETERMINE WHETHER OR NOT THE BUSINESS WILL BE SUCCESSFUL.
- ▶ IT SHOULD ENTICE THE READER TO READ FURTHER.

THE BUSINESS DESCRIPTION



- ▶ PROVIDE INFORMATION ON THE HISTORY AND BACKGROUND OF THE BUSINESS.
- ▶ STATE WHETHER YOU ARE A MANUFACTURER, PRODUCER, RETAIL, OR A SERVICE BUSINESS.
- ▶ STATE WHETHER IT IS A NEW BUSINESS, A FRANCHISE, EXPANSION OR TAKE-OVER.
- ▶ WHAT NAME WILL YOUR BUSINESS BE CALLED?
- ▶ INDICATE THE BUSINESS FORM (SOLE TRADER, COMPANY, PROPRIETORSHIP OR PARTNERSHIP).

BUSINESS DESCRIPTION...



MISSION STATEMENT

- ▶ DEFINES UNDERLYING GOALS AND OBJECTIVES AND STATE THEM IN CLEAR FUNCTION.
- ▶ IT IS THE ROAD TOWARDS THE BUSINESS VISION/DREAM.

BUSINESS DESCRIPTION...



LOCATION

- ▶ DO YOU HAVE SUITABLE PREMISES FOR YOUR BUSINESS, WHERE?
- ▶ ARE YOUR PREMISES CLOSER TO YOUR SUPPLIERS?
- ▶ ARE YOUR PREMISES CLOSER TO YOUR CUSTOMERS? IF NOT HOW WILL THEY GET ACCESS TO THE PRODUCT?
- ▶ IS THERE STORAGE PLACE FOR YOUR MATERIALS AND STOCK?
- ▶ DO YOUR PREMISES HAVE ALL THE NECESSARY FACILITIES I.E. ELECTRICITY, WATER, SANITATION?
- ▶ WHAT WILL THE PREMISES COST?

PRODUCT DESCRIPTION



- ▶ DESCRIBE WHAT PRODUCT/SERVICE YOUR BUSINESS WILL BE MAKING/OFFERING.
- ▶ WHAT SPECIAL FEATURES DOES IT HAVE TO DISTINGUISH IT FROM OTHER SIMILAR PRODUCTS ?
- ▶ IS IT A PRODUCT/SERVICE THAT IS IN GREAT DEMAND AND INSUFFICIENT SUPPLY?
- ▶ HOW MUCH ARE YOU PLANNING TO SELL THIS PRODUCT/SERVICE FOR?
- ▶ IS THE PRODUCT/SERVICE COMPETITIVE IN TERMS OF QUALITY, PRICE AND ACCESSIBILITY?

SWOT ANALYSIS



STRENGTHS

S

WEAKNESSES

W

OPPORTUNITIES

O

THREATS

T

MITIGATION STRATEGIES



- ▶ WHAT STRATEGIES ARE YOU GOING TO PUT IN PLACE IN-ORDER TO REDUCE THE DEGREE OF LOSS OR EXPOSURE?.

MARKETING PLAN



- ▶ ANALYSE THE INDUSTRY TRENDS THAT YOUR BUSINESS IS IN AND WHO ARE THE MAJOR PLAYERS (COMPETITORS).
- ▶ WHO IS YOUR TARGET MARKET? DESCRIBE IN DETAIL E.G. LOCATION, SIZE, INCOME, GENDER.
- ▶ DO YOU KNOW THEIR NEEDS? WHAT ARE THEY?
- ▶ HOW CLOSE ARE THEY TO YOUR BUSINESS?
- ▶ WHAT ARE THE REALLY IMPORTANT AND SPECIAL FEATURES OF YOUR PRODUCT/SERVICE?

COMPETITIVE ANALYSIS



- ▶ WHO ARE YOUR DIRECT AND INDIRECT COMPETITORS?
- ▶ WHAT ARE THEIR STRENGTHS AND WEAKNESSES, AND IDENTIFY THEIR COMPETITIVE ADVANTAGES.
- ▶ WHAT IS YOUR COMPETITIVE ADVANTAGE IN COMPARISON WITH YOUR COMPETITION?

MARKETING STRATEGY

- ▶ HOW ARE YOU GOING TO PROMOTE YOUR PRODUCT/SERVICE
- ▶ HOW ARE YOU GOING TO DO TO MAKE SURE THAT CUSTOMERS BUY YOUR PRODUCT AND NOT THAT OF YOUR COMPETITORS?

MANAGEMENT/ ADMINISTRATION



- ▶ LIST YOUR MANAGEMENT TEAM AND THE ROLES/RESPONSIBILITIES THEY WILL BE UNDERTAKING.
- ▶ IDENTIFY THE SKILLS AND ABILITIES OF THE MANAGEMENT TEAM, THEIR AREAS OF EXPERTISE AND HOW THAT RELATES TO THE BUSINESS.
- ▶ PROVIDE C.V.'S FOR EACH MEMBER OF THE TEAM.
- ▶ DRAW YOUR ORGANISATIONAL CHART

OPERATIONAL/ PRODUCTION PLAN



- ▶ DESCRIBE THE PRODUCTION/OPERATIONS PROCESS AND LAYOUT FROM START TO FINISH.
- ▶ WHAT RESOURCES ARE NEEDED TO START THE BUSINESS? E.G. RAW MATERIALS, EQUIPMENTS.
- ▶ WHAT ARE THE COSTS OF ALL PRODUCTION RESOURCES AND EQUIPMENTS?
- ▶ LIST ALL ADMINISTRATION RESOURCES REQUIRED AND THEIR COSTS.

SUPPLIERS



- ▶ HAVE YOU SOURCED RELIABLE SUPPLIERS FOR ALL YOUR RAW MATERIALS OR PRODUCTS?
- ▶ WILL THEY DELIVER TO YOU OR YOU NEED TO COLLECT YOUR ORDERS
- ▶ IS THERE A DELIVERY COST, IF NOT HOW MUCH WILL IT COST TO TRANSPORT THE STOCK?
- ▶ WILL THE SUPPLIERS SELL TO YOU **COD** (CASH ON DELIVERY) OR ON CREDIT
- ▶ IF ON CREDIT ,WHAT ARE THE CREDIT TERMS AND INTEREST.
- ▶ HAVE YOU COMPARED THE PRICES, CREDIT TERMS, DISCOUNTS OF SEVERAL SUPPLIERS, IF SO PROVIDE DETAILS TO SUPPORT YOUR CHOICE OF SUPPLIERS.

FINANCIAL PLAN



- ▷ REQUIRED START-UP CAPITAL
- ▷ UTILIZATION OF THE CAPITAL & TOTAL COST PER ITEM
- ▷ SOURCES OF CAPITAL
- ▷ ANNUAL INCOME AND EXPENDITURE
- ▷ 3-5 YEARS CASHFLOW PROJECTIONS STATEMENT

FINANCIAL PLAN...



(THE NUMBERS IN YOUR PLAN)

- ▷ **THE PROFIT OR LOSS-SHOWS** PERFORMANCE OVER SOME SPECIFIC TIME PERIOD, LIKE A MONTH, A YEAR OR A QUARTER.

- ▷ **THE BALANCE SHEET - SHOWS** ASSETS, LIABILITIES AND CAPITAL. THIS STATEMENT SHOWS A COMPANY'S FINANCIAL POSITION AT A SPECIFIC TIME.

- ▷ **THE CASH - FLOW STATEMENT-** SHOWS FORECASTED CASH MANAGEMENT IN THE BUSINESS OVER A SPECIFIC TIME; MONTHLY, ANNUALLY ,OVER 3 YEARS ETC.

PROFIT & LOSS ACCOUNT



- ▷ **Gross profit**
 - Sales minus
 - Cost of good sold
 - raw materials & direct labour

- ▷ **Net profit/loss**
 - Gross profit minus
 - Expenses & depreciation

Sales
-
Cost of
goods sold
-
expenses
-
depreciation
=
profit/loss

CASH FLOW PROJECTION STATEMENT



- ▶ PROVIDES A FORECAST OF HOW MUCH MONEY COMES IN AND OUT OF THE BUSINESS IN A SPECIFIC PERIOD
- ▶ DEMONSTRATES MONTHLY AND ANNUAL CASHFLOW MANAGEMENT IN THE BUSINESS
- ▶ BREAK EVEN POINT
- ▶ COSTING OF PRODUCTS
- ▶ ASSUMPTIONS MADE IN PROJECTIONS SHOULD ALSO BE EXPLAINED.

HOW PLANNING CAN IMPROVE YOUR BUSINESS



A PLAN SHOWS YOU;

- ▶ IF YOUR BUSINESS CAN EXPECT TO MAKE A PROFIT IN THE FUTURE.
- ▶ WHICH PART OF YOUR BUSINESS YOU CAN IMPROVE.
- ▶ SHOWS FUNDERS HOW WELL YOUR BUSINESS CAN EXPECT TO DO IN FUTURE (FINANCIAL VIABILITY)
- ▶ HOW MUCH MONEY YOU CAN EXPECT TO COME INTO AND GO OUT OF THE BUSINESS,(CASHFLOW)



THE END