

# Business Plan



# What is Business Plan?

- Formal statement or document of business goals
- Background Information or executive summary of the business
- Plan to reach the goal ( E.g Marketing Plan and Production Plan )
- Attempting team or organization to reach these goal ( Organization Plan )

# What to Write?

## ➤ Business Plan Approach

1. Executive Summary
2. Business Plan Framework
3. Outlines

# How To Write ?

## 1. Executive Summary

- *Overview*
- *Can be written it last*

# *How To Write ?*

## **2.Business Plan Framework**

- *Marketing Plan*
- *Production Plan (Technical Plan )*
- *Organization Plan*
- *Financial Plan*

## **1. Marketing Plan Outlines**

*1.1. Description of the Product*

*1.2. Product Comparison with Competitor's Product*

*1.3. Location*

*1.4. Market Area*

*1.5. Main Customers*

*1.6. Total Demand*

*1.7. Market Share*

*1.8. Selling Price*

*1.9. Sales Forecast*

*1.10. Marketing Strategy*

*1.11. Promotional Measures*

*1.12. Marketing Budget*

*1.13. Potential Marketing Risks and Mitigation Measures*

## **1.1. Description of the Product**

- What is/are your ***product/service***, and their ranges, to be sold?
- What are your ***product/ service*** features, uses and benefits?
- Is/Are it/they ***new or existing product(s)***?

## 1.2. Product Comparison with Competitor's Product

- *How do your product(s) compare in quality and price with its competitors?*
  - Distinctive advantage
  - **Better quality** compare to current existing
  - **Price** Lower or higher ( Attractive to buyers )
  - **Feature different** from the competitors' product/ service ?

Compared Criteria	Own Product or Service	Competitor A	Competitor B
Quality			
Price			
Feature			



### 1.3. Location

- Exact location
- Location of your **enterprise strategic** enough?
- to reduce costs of purchase
- to increase the chances of customers ease of inquiry and **awareness**
- to make it near to market and distribution channels
- to avail of **transport facilities**
- to avail **of cheap (and skilled) labor**
- to the existing related industries or institutions such as factories, schools,
- offices (forward and backward linkages)?
- to communication facilities -- post office, telephone, fax, telex?
- to infrastructure facilities -- road, power, port?

## **1.4. Market Area**

- *What **geographical** areas will be covered by your enterprise?*
- **Target market**

## **1.5. Main Customers**

- Who are the specific target group or market segments among the population?
- 
- ✓ income
  - ✓ age
  - ✓ sex
  - ✓ culture/religion
  - ✓ geographical location -- upland, lowland, inland, coastal
  - ✓ values -- buying practices/consumption patterns

## **1.6. Total Demand**

- If you are ***distributing locally*** what are the estimated ***consumption, usage***, or
- ***sales*** of the product(s) per head of the population in your market area?

## **1.7. Market Share**

- What ***share or percentage*** of this market can be captured by the enterprise?
- Exactly how much of the products are currently sold in your area?
- If you are distributing locally what are the estimated consumption, usage, or
- sales of the product(s) per head of the population in your market area?

## **1.8. Selling Price**

- ⇒ What is the selling price of the product(s)?
- ⇒ How is it determined?

## **1.9. Sales Forecast**

- How much of the product(s) will be bought and sold?
- Based on the estimated market share the enterprise can realistically capture,
- what is the estimated target sales (sales forecast),
- that is, every month for the first year?
- peak and lean periods?
- yearly for the next three/ five years?

Total Sale	Quantity	Amount
Year 1		
Year 2		
Year 3		
Year 4		
Year 5		

### **1.10. Marketing Strategy**

- What marketing strategies ? Top Ten Marketing Strategies
- volume discount

*(reduced prices when selling in bulk), special credit facilities to regular customers, buy one -- take one, raffles)*

- prompt, regular, courteous and efficient service to your clients,
- good merchandising and ensuring proper disposition of your product(s) on your market outlets,
- personal selling

### **1.11. Promotional Measures**

- What promotional measures will be used to sell the product(s)?
- ⇒ Advertisement on radio, television, newspapers, magazines, trade journals, or if appropriate, on television
- ⇒ handbills distribution, billboards, signboards, press releases
- ⇒ free service samples, free trial, coupons,
- ⇒ sponsorship of local shows, festivals, participation in trade fairs and exhibits,

### **1.12. Marketing Budget**

- *How much do you need to promote and distribute your product(s)?*

Marketing Budget	Monthly	Year 1	Year 2	Year 3	Year 4	Year 5

- **1.13. Potential Marketing Risks and Mitigation Measures**
- What are the potential risks in marketing your product?
- \* What will be the (3) main reasons why sales forecast will not be achieved?
- What are the actions you will take to mitigate these risks? What time is appropriate to take action when these risks are foreseen during operations?

- **2. Outlines For Technical Plan ( Technical Plan )**
- 2.1 Production Process
- 2.2 Fixed Assets / Capital
- 2.3 Life of fixed Capital
- 2.4 Maintenance and Repairs
- 2.5 Sources of Equipment
- 2.6 Planned Capacity
- 2.7 Future Capacity
- 2.8 Terms and Conditions of Purchase of Equipment
- 2.9 Factory Location and Layout
- 2.10 Raw Materials Needed
- 2.11 Cost of Raw Materials
- 2.12 Raw Materials Availability
- 2.13 Labour
- 2.14 Cost of Labour
- 2.15 Labour Availability
- 2.16 Labour Productivity
- 2.17 Factory Overhead Expenses
- 2.18 Production Budget
- 2.19 Potential Risks of Production and Mitigation Measures

## 2.1 Production Process

What is the technical flow of your enterprise?

- How is the **buying** done? Will you send your Marketing Officers to the field?
- How are the products received? Will you pick them up from the **source**?
- Will they be **delivered**? Will there be **differences in prices**?
- How are the **materials stocked and sold**?
- How are **inventories** done?
- How are **payments** received? By the sellers? By you from the buyers?

⇒ What is your process flow chart?

- What are your internal control features?
- How many **workers** are needed? Are there **two or more functions done by one** worker? Is there a single function that needs two or more workers?
- How long does it take for one function to be finished?
- Remark : What are the **critical** points in the technical process?



## **2.2 Fixed Assets / Capital**

- What building, equipment and furniture and fixtures (fixed assets) are needed and
- what will be their costs?

## **2.3 Life of fixed Capital**

- The answer will depend on the make of the building -- if you are not renting -- (i.e., whether made of wood, concrete structure, etc.), equipment and furniture and fixtures and on how much you use your fixed assets.
- To arrive at an annual depreciation charge,
- deduct the scrap value at the end of its expected life, and then divide the value of the asset by the number of years of its productive life. If it has no scrap value, divide the value by the number of years.

Fixed Asset	Life Annual	Depreciation Rate
Building	20 years	5%
Equipment	5 years	20%
Vehicle	7 years	15%
Furniture and Fixtures	5 years	20%

## **2.4 Maintenance and Repairs**

- Period to maintenance and approximate cost

## **2.6 Planned Capacity**

- Labors or material / from where (Yangon or Foreign )

## **2.7 Future Capacity**

- Manpower for future labor
- Future Sale forecast / Daily / Monthly / Yearly

## **2.8 Terms and Conditions of Purchase of Equipment**

- Buying equipments or material are in cash or installment ?

## **2.9 Factory Location and Layout**

- Where will the enterprise be located and how will the warehouse/office be arranged?
- ⇒ What is the exact location of your enterprise?
- ⇒ Will you have a main warehouse and a series of satellite warehouses or branches?
- What are their exact locations?
- ⇒ What is the floor space required by your enterprise (warehouse/stockroom, toilet for clients, parking space, office)?
- ⇒ How is the warehouse/office going to be laid out in terms of the arrangement of the equipment, furniture and fixtures, and the produce bought before being sold?

## **2.10 Raw Materials Needed**

- How many and how much product(s) (goods available for sale) are required?
- ⇒ What are the ***types, quality and quantity of product(s)*** you need in your enterprise?

(List them)

- ⇒ What is your projected inventory beginning and end ratio?
- ⇒ What products are the most saleable at what period?
- ⇒ What products are least saleable or cumbersome but important to ***attract your customers?***

## **2.11 Cost of Raw Materials**

- ⇒ What are their costs?
- ⇒ What is your average ***monthly buying (purchase)*** requirement?
- ⇒ What are the duties, freight in and relevant taxes involved?

### **2.12 Raw Materials Availability**

- What are the sources of product(s) (goods available for sale)? Are they available throughout the year?
- ⇒ Where is the nearest source of your materials to be bought and sold?
- ⇒ Are your products considered to be or subject to seasons ?
  
- perishable materials ?
- expiration ?
- moisture ?
- pests and toxins ?

### **2.13 Labour**

- How many direct and indirect labor are needed and what skills should they have?
- ⇒ What Regular Workers do you need?
- Store Manager
- Supervisor
- Cashier
- Checker
- Maintenance/Utility
- ⇒ What Casual or Contractual Workers do you need ?
- Packer / repacker
- Loaders, Haulers
- Carpentry
- ⇒ What skills are needed for each kind of worker?

### **2.14 Cost of Labour**

- How much will the ***direct and indirect*** labor cost?
- ⇒ How much will regular Workers require (paid regularly with basic salary, fringe
- benefits, sick/vacation leaves, free meals (if there is any), social and medical
- benefits, insurance)?
- Maintenance/Utility

### **2.15 Labour Availability**

- ⇒ Are workers available throughout the year?

### **2.16 Factory Overhead Expenses**

What operating (overhead) expenses are incurred?

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### **2.17 Production Budget**

- How much Production Budget (Raw Materials, Labor, Overhead + Depreciation) will be incurred ?

## **2.19 Potential Risks of Production and Mitigation Measures**

- What are the potential risks in producing your product?
- What will be the (3) main reasons why production will not be achieved?
  - ⇒ Insufficient supply or poor quality of raw materials
  - ⇒ Lack of skilled labor
  - ⇒ Competitor's from outside of the locality
- What are the actions you will take to mitigate these risks?  
What time is appropriate to
- take action when these risks are foreseen during operations?

### **3. Outlines For Organization Plan**

- 3.1 Form of Business
- 3.2 Organizational Structure
- 3.3 Business Experience and Qualifications of the Entrepreneur
- 3.4 Pre-Operating Activities
- 3.5 Pre-Operating Expenses
- 3.6 Office Equipment
- 3.7 Administrative Expenses
- 3.8 Risks of Management and Mitigation Measures

### **3.1 Form of Business**

- How will the enterprise be organized?
  - What is your form of business organization?
    - Single Proprietorship
    - Partnership
    - Corporation
    - Cooperative
- 
1. **Type** : consumers, producers, marketing, service, multi-purpose
  2. **Sector** : agricultural, non-agricultural, employees, youth, mothers

**Advantage** – Capitalization, Tax , Liability

**Legal Requirement** – Liscence , Permit , Government Concern



### **3.2 Organizational Structure**

- How will the enterprise be ***managed and operated***?
- What is your organizational structure?
- Authority and Responsibility -- Chain of Command
- Division of Labor -- Job Distribution
- Job Description
- How will it be depicted in the organizational chart?
- Organizational Chart

### **3.3 Business Experience and Qualifications of the Entrepreneur**

- What are the business experience and qualification of the entrepreneur/enterprise?
- Who are your ***officers and staff***?
- What are their experiences and qualifications?
- What are their ***ranks and functions***?
- What are their references (banks, former employers, community leaders)?

### **3.4 Pre-Operating Activities**

- What pre-operating activities must be undertaken before the business can operate?
- What preparatory steps have to be done before the enterprise can start actual operation?
- Attendance in a training program
  - skill-related
  - management
  - enterprise development
- Preparing your Business Plan
- Doing market survey
- ***Making trip to suppliers***
- ***Registering the enterprise***
- ***Hiring a consultant***
- ***How long will each of these activities take place?***
- Can these activities be done simultaneously?
- Market survey
- ***Contacting suppliers***
- or sequentially?
- Purchasing the equipment
- Installing the equipment

### **3.5 Pre-Operating Expenses**

- *What pre-operating expenses will be incurred?*

### **3.6 Office Equipment**

- What fixed assets will be required for the office?
- What other fixed assets are needed to maintain the administrative aspects of the enterprise?
  - Computer
  - Typewriter
  - Furniture and Fixtures
  - Calculators
  - Electric Fans

-

### 3.7 Administrative Expenses

- What **administrative cost** will be incurred?

### 3.8 Risks of Management and Mitigation Measures

- What are the **potential risks** in managing your business?
- What will be the (3) main reasons why **management** will be problematic?
- **Pre-implementation** delays
- Mismatch between **managerial skills requirements** with business' owners' skills
- **Conflict** in family-owned business
- What are the **actions** you will take to mitigate these risks? What time is appropriate to
- take action when these risks are foreseen during operations?

## **4. Outlines For Financial Plan**

- 4.1 Cash Flow
- 4.2 Balance Sheet
- 4.3 Profit & loss

## **Total Project Cost**

Particular	Total	Capital	Loan	Grant
Fixed Asset	1000	500		300
Pre-operating Cost	500			
Working Capital	300		1000	
Total	1800	500	1000	300
Percentage% to Total	100%	28%	56%	16%

## **Loan** (Term-3 year/ Interest Rate-13% )

Period	Principal	Interest	To pay	Balance
Period				1000
Period 1	333	130	463	667
Period 2	333	87	420	333
Period 3	334	43	376	
Totals	1000	260	1260	

## **Display To Select**

### **1. Outlines For Marketing Plan**

- 1.9 Sales Forecast
- 1.12. Marketing Budget

### **2. Outlines For Production Plan**

- 2.2 Fixed Assets / Capital
- 2.18 Production Budget

### **3. Outlines For Marketing Plan**

- 3.5 Pre-Operating Expenses

## **4.1 Cash Flow**

- |                             |  |
|-----------------------------|--|
| 1. Operating activities     | - converts the items reported on the income statement from the accrual basis of accounting to cash.                                  |
| 2. Investing activities     | - reports the purchase and sale of long-term investments and property, plant and equipment.  |
| 3. Financing activities     | - reports the issuance and repurchase of the company's own bonds and stock and the payment of dividends.                             |
| 4. Supplemental information | - reports the exchange of significant items that did not involve cash and reports the amount of income taxes paid and interest paid. |



## 4.2 Balance Sheet

A statement of the assets, liabilities, and capital of a business or other organization at a particular point in time, detailing the balance of income and expenditure over the preceding period

**Assets** = **Liabilities** + **owner's (Stockholders') Equity**  
(Fixed & Current ) (Current & Long Term) (owner's capital / Net Profit)

### **Example Company Balance Sheet December 31, 2015**

#### ASSETS

Current assets  
Investments  
Property, plant, and equipment  
Intangible assets  
Other assets  
Total assets

#### LIABILITIES & OWNER'S EQUITY

Current Liabilities  
Long-term liabilities  
Total liabilities  
  
Owner's equity  
Total liabilities & owner's equity

## 4.3 Profit & loss

**To see table**

***Thank you...***

**Q & A**