

BUSINESS PLANNING

Planning is the decision making ie deciding what to do, how to do it and when to do it. Ie determining the future course of action.

Business planning is an activity that involves the organisation mention and follows up the different business activities right from the beginning of the business.

A business plan is written document that summaries the operational and financial objectives of a business and contains the detailed plans and budget showing how the objectives are to be realized.

TYPES OF BUSINESS PLAN

1. **Formal business plan.** A formal business plan is a detailed document that usually follows a standard format. They are necessary for securing outside funding for a business.

2. **Informal business plan.** This is a planning tool for the business which is not presented to other people/ organisations. They are merely a planning tool for the business owner.

RATIONALE FOR WRITING A BUSINESS PLAN (OBJECTIVES, AIMS AND PURPOSE)

To test the feasibility of the business idea. Writing a business plan enables the entrepreneur to establish whether or not an idea for starting a business is feasible other than going out and doing it

To give the business the best possible chance of success. Business planning encourages the entrepreneur to pay attention to both the broad operational and financial objectives of his new business and the detailed such as budgeting and marketing planning

To secure funding such as bank loans. Having a business plan gives an entrepreneur a much better chance of getting the money he needs to keep operating or to expand

To attract investors. A solid business plan enables an entrepreneur to attract investors. Investors normally need a well written document they can take away and study before they make any investment commitment

To make business planning manageable and effective. A business plan is not only good to starting business but also important for established ones

To monitor the performance of the business overtime

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In order to calculate and pay the exact amount of tax to the government

To develop a timetable for implementation of various business activities in a sequenced way

IMPORTANCE OF PREPARING A BUSINESS PLAN

It helps in adequate preparation for the business; it encourages an entrepreneur to think through his business thoroughly in order to prepare for identified sensitive areas which will need more attention

It helps an entrepreneur in defining specific goals and objectives which serves as a bench mark to measure the progress of the business in implementing the plan

It facilitates business monitoring based on the set goals and objectives as a standard of measurement such that any deviation from the set plans can be detected from and corrected in time

It encourages an entrepreneur to be and remain focused by thinking about the business he/she is in now and business he wants to have in future

It acts a time table for implementing business activities in a logical manner

A business plan helps an entrepreneur in accessing financial assistance from the lenders, it is through the business plan that lenders will determine whether to fund the project or not and how much it will inject in

It eases the work of an entrepreneur as his employees will use it to know the business objectives or targets in terms of production, profitability, it will also clearly state their duties and responsibilities plus their related remuneration

It facilitates easy decision making as it clearly spells out the expected cash inflows and outflows of the designed business

It shows the feasibility and viability of the business thereby enabling an entrepreneur to determine whether to carry on with the opportunity or try other business alternatives

Enables the government and local tax authority to determine the tax revenue to be paid by the business and likely effects of the business to the environment

Steps involved in preparing a business plan

- ✓ Selecting a business opportunity or type of business to engage in. this involves scanning the environment to generate many business ideas to choose from.
- ✓ Conducting market survey for the selected type of business. This involves checking whether the entrepreneur's chosen business idea can be developed into a profitable business in terms of fulfilling the market needs.
- ✓ Collecting all the relevant data concerning the different aspects of business and establish the costs of different items like machinery and equipment, raw materials, transport etc.
- ✓ Drafting the business plan to be discussed with experienced people. This business plan enables the entrepreneur to know how the business will be organized, establish the amount of money needed to start and run the business before starting it.
- ✓ Discussing the drafted business plan with technical / knowledgeable or experienced people in similar business.
- ✓ Making a final business planning after having discussion with knowledgeable people.
- ✓ Finalizing the business planning process by preparing an action plan for implementation of the planned activities.

STRUCTURE OF A BUSINESS PLAN

EXECUTIVE SUMMARY. This is a section that sets out the broad parameters of the future business. It covers only the cover activities, it contains business overview which shows what the business is about, and it contains the following

The back ground of the business. This indicates the location, address and ownership of the business

The objectives of the business. This explains the short term goals of the business

The products/ services the business offers. This explains the key products or services that the business is producing

An over view of the market for the products or services. This explains the marketing strategies the business is intending to use to sale its products or services

The competitive advantage of the business. This explains the position of the business competitive environment as compared to other businesses dealing in similar goods or services

The projected growth. This is the anticipated expression and growth of the business

The key members of the business. These are stake holders and all members included in the ownership of the business

Funding requirements of the business. This refers to the anticipated flow of funds in the business

DETAILED PLAN. This section goes into the details that will make a business plan a working and ultimately a control document. It contains market analysis competition, products marketing strategy, SWOT analysis, Business structure product key objectives and financial information

ELEMENTS / COMPONENTS OF A BUSINESS PLAN

1. General description of the business
2. Statement of mission, goals and objectives
3. The marketing plan
4. The production plan
5. The Organisational plan/ administrative/ management plan
6. The financial plan
7. The action plan

General description of the business plan

This involves giving summarized information about the business. Therefore general description of the business, the type of business being planned to be carried on , the needs of the market that it seeks to fulfill giving a summary of how the intended business will be different from other as well as making an analysis of the strength , weakness, opportunities and threats that the business is likely to face.

Statement of mission, goals and objectives that the business seeks to achieve

Mission statement, this is a brief statement that indicates the purpose of the business. A mission is a very reason why an organisation exists e.g To provide quality products while ensuring that our customers are satisfied, our employee are in a conducive working environment and that our shareholders are expecting good returns from their investment.

Uses of mission statement

- ✓ It indicates / defines the purpose of the business
- ✓ It helps to distinguish an organisations from others
- ✓ It helps to keep an organisation focused
- ✓ It helps in communicate the direction of the organisation
- ✓ It helps to make day – to –day operating decisions
- ✓ It helps to motivate employees by indicating their objectives as a team
- ✓ It attracts people who support it
- ✓ It creates action rather than reaction
- ✓ It attracts opportunities and helps an enterprise to maximize them
- ✓ It enables an organisation to gain strength and stand chances in the market

vision is the result of an entrepreneur's dream of something that does not exist yet and the ability to paint a compelling picture of that dream for everyone to see vision provides direction as every focus' his attention on the future.

Goals. A goal is something (target) that one intends to achieve in a given period of time using a given amount of resources ie. "To provide high quality products to our customers". Goals are always based on the mission statement for example "To provide high quality products to our customers"

Objectives statement. Objectives are specific targets that must be achieved in a specific period of time. They are specific (short term) targets that an individual or entrepreneur sets to achieve the established goals. E.g "To increase productivity by 10% in one year"

Qualities of a business goal

- ✓ **Should be specific**, a good goal should be clear on what should be achieved, when and how to achieve it for example increasing profits by 15% in the next 5 months
- ✓ **It should be measurable**. A good goal should have indicators to prove whether it is being achieved or not and if achieved how much would it take to be achieved
- ✓ **Should be attainable**. A good should be feasible in the area where it is being perused for example setting a bar in a locality where people do not take alcohol
- ✓ **Should be realistic**. A good goal should be achievable given the available resources, entrepreneur's capacity and legal regulations. It should move in direction of the mission
- ✓ **It should be time bound**. It should have a target time within which it should be achieved for example increasing sales by 20% in 1 year

Objectives statement. Objectives are specific targets that must be achieved in a specific period e.g to increase sales by 10% in one year

NB. Goals and objectives must be SMART ie Specific, Measurable, Achievable, Realistic and Timely

Marketing plan

This is an analysis of the possible position and opportunities of a business being planned in the present market situation. It is analysis of the marketing objectives, strategies and activities to be followed so as to have improved marketing of the proposed products in order to fight competition.

Factors considered when preparing the marketing plan

- ✓ **The target market.** The entrepreneur establishes who his customers are, where they are located, their needs, their buying patterns ie how they often buy goods and services of the entrepreneur
- ✓ **Nature of the products or services to be offered.** The entrepreneur describes his main products or services and their value to the customers establishes how the products are packed and the features which make his products or services from those of competitors
- ✓ **Position of the competitors.** Here , the entrepreneur establishes the position of firms dealing in similar products like his and those firms dealing in products that may be substituted for his (indirect competitors) in the market he is trying to enter. He also analysed their weakness and strength.
- ✓ **Pricing strategies and policies.** Under this aspect, the entrepreneur will be required to establish the position of firms dealing in similar products like (direct competitors) and those firms dealing products that may be substituted for his (indirect competitors) in the market he is trying to enter. This is however possible through conducting market research to find out their weakness and strength
- ✓ **Sales targets.** The entrepreneur establishes his total projects sales per given period of time for instance per week, per month etc
- ✓ **Distribution strategy which is cost effective.** This involves selection of the best distribution channels for goods and services in respect of reaching many customers and are cost effective.
- ✓ **Sales promotion and advertising strategy.** This involves selecting the various ways through which entrepreneur will communicate and influence the customers.
- ✓ **Terms and conditions for selling.** Here entrepreneur establishes the terms of sale he is going to adapt for instance selling on credit, cash basis or installment selling.
- ✓ Projected marketing expenses e.g advertising and sales promotion expenses

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BENEFIT / MERITS OF A MARKETING PLAN TO AN ENTREPRENEUR / BUSINESS

- ✓ It helps an entrepreneur to establish his / her target market customers in terms of age, income, occupation, requirement / location
- ✓ It enables an entrepreneur to find out the possible of the competitor in order to develop competitive advancement or strategies
- ✓ It guides as entrepreneur in deciding on what promotion / strategy to use so as to minimize profits due to increased sales
- ✓ It assist an entrepreneur to estimate the projected marketing costs or expenses in business under taking in order to give the appropriate price and eventually determine the likely profits
- ✓ Marketing plan enables the entrepreneur to produce relation to the demand / requirements of the customers hence minimizing resource wastage of the business in order to establish the progress of the business or opposition of the business in the market

The production plan

It is an analysis of the projected need for producing (manufacturing) the proposed goods or services (product). It involves how the entrepreneur is going to carry on production of the proposed goods and services

Factors considered when preparing the production plan

- ✓ **Business location and its site.** Under this aspect, an entrepreneur will have to establish where to locate his business as well as the cost of land (site) and its size. He will have to give reasons as to why he chose this location and estimate the cost of putting up the business buildings
- ✓ **Production/ manufacturing process.** Under this aspect the entrepreneur is expected to show the flow of work and layout, how the machines will be laid down and how they will be used.
- ✓ **Plant capacities required.** This involves establishing the abilities of production machines in relation to meet the demands of the market
- ✓ **Quantities to be produced or services to be provided and their delivery at different schedules.** Quantity to be produced is determined by the target market one is serving ie the number of customers for business
- ✓ Production standards and quality objectives to be maintained during production
- ✓ **Machinery and equipment to be used in production** in terms of costs, technical specifications, production capacities, source terms and conditions for payments of machinery and equipment
- ✓ **Raw material to be used.** Here , the entrepreneur establishes the type of raw materials he / she will use to make his / her product(s) while considering various factors like the cost of raw materials, their quality etc.

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- ✓ **Packaging.** Under this aspect, the entrepreneur establishes how the products are to be packed, where to buy the packaging materials and their costs, how much will be required per production cycle, how much to stock and how much the packaging materials will be stored properly.
- ✓ **Labour requirement.** Here the entrepreneur establishes the type of workers he / she will use in production, the skills, how much will be paying them, other incentives and safety of workers during production.
- ✓ **Utilities that will be needed by the business** e.g water, power, telephone etc
- ✓ **Means of transporting raw materials and finished products.** Here, the entrepreneur establishes how raw materials will be moved to the production center and how finished products will be delivered to the target market.
- ✓ Inventory control plans for stock, work in progress and finished goods(products) e.g inventory control for lead time, re-order level etc
- ✓ **Disposal of the waste products.** Here , entrepreneur establishes the amount of wastes he has, how waste products will be disposed off and at what cost, can the waste converted into other products ie can they be recycled?
- ✓ **Production control requirement.** Production control refers to the activities under taken to ensure that the product is produced in the shortest time possible and at the right time using the best and cheapest method but of the correct quality.
- ✓ The level of finance required for investment in production of the intended products.
- ✓ Research and development plan about department s in production and new methods of production
- ✓ Steps of monitoring changes in technology that can affect the product in process

The financial plan

It is analysis of the financial requirements of the proposed business. Financial planning for a business deals with estimating the business operations in monetary terms. The financial plan covers the following areas

- ✓ Source of funds ie own funds, grants , trade credits, short term loans etc
- ✓ Fixed and working capital requirements
- ✓ Profitability statement ie gross profit , net profit and breakeven point
- ✓ Balance sheet showing the financial position of the business
- ✓ Cash flow statement ie projected cash inflow and cash out flow of the business.

Note.

All the business activities / operations discussed above ie production, marketing plus management and administrative expenses involve use of money in one way or the other. The financial plan therefore focuses on the estimation of the total capital

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requirements of a business. Businesses require different forms of capital ie fixed capital and working capital.

Fixed capital. This refers to the money held up in permanent fixed assets of a business. Fixed capital consists of property held permanently for continuous use in the production process usually for more than one year e.g land, buildings, machinery, tools and equipment, furniture, motor vehicle

Working capital or direct costs. It refers to the amount of money used to buy stock for a given business or to meet daily financial operating needs of the business e.g raw materials, stock, fuel/transport, direct labour cost, costs of supplier of stationary, spare parts, cash for uncertainties.

Overhead cost. These are costs of production which don't vary regardless of the level of output. Examples include selling and distribution overheads like advertising, sales promotion, delivery expenses, wages to sales men, insurance of delivery vans, free gifts and samples

- ✓ Indirect expenses like rent, insurance, electricity, telephone office expense, operating license
- ✓ Administrative over heads. These are indirect cost incurred by the management and supervision example include, general expenses, administrative salaries and allowances
- ✓ Selling and distribution overheads. These are indirect expenses incurred during the selling and distribution of goods and services. Examples of selling and distribution expenses include, advertising , sales promotion, delivery expenses, wages to salesmen , insurance for delivery vans, free gifts and samples given to potential buyers etc

Below is a simple format / structure of a financial plan for a manufacturing business.

Particulars / items	Unit cost	Total cost
<u>Fixed capital requirements</u>		
Buying land	XXX	
Construction of buildings	XXX	
Buying of machines, equipments and tools	XXX	
Furniture	XXX	
Buying of delivery van for transport	XXX	
Total fixed capital requirements		XXX
<u>Working capital requirements</u>		
Raw materials and other input/ suppliers	XXX	
Labour cost (wages)	XXX	
Marketing expenses	XXX	
Total working capital requirements.		XXX

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Overhead capital requirements		
Rent (if any)	XXX	
License fee	XXX	
Utilities (power, telephone, water, insurance)	XXX	
Selling and distribution overheads	XXX	
Total overhead costs		XXX
Estimated total costs for the project		XXX

Organizational plan

This is analysis of the frame work around which the people, machinery/ requirement and other physical products of the plan are put together to have a moving or success for organisation

The organizational plan covers the following

- ✓ The frame work/ structure around which people are to be put together to have a moving enterprise (organizational structure). This looks at the reporting relationships, tasks and responsibilities of the workers.
- ✓ Recruitment and indirect training. This looks at number of workers to be employed their qualifications, experience, skills and age.
- ✓ Rewards to employees ie salaries, wages and other fringe benefits to be given to staff for instance allowance like medical, transport, lunch , housing etc

Business implementation plan (Action plan)

An action plan is a management tool that involve laying out a series of sequenced steps that enable an entrepreneur to implement the planned activities of the business in a sequenced way so as to meet itself; target

Importance or uses of an action plan to an entrepreneur

- ✓ It helps and guides the entrepreneur to remain focused during implementation of his business activities
- ✓ It helps an entrepreneur to identify business obstacles in advance and take appropriate measures to overcome them
- ✓ It helps the entrepreneur to allocate the serious sources of information and the resources needed for a business
- ✓ It helps an entrepreneur to identify strength, weaknesses, opportunities and threats of his business and those of competitors
- ✓ It helps the entrepreneur to obtain information (feedback) on the progress of the business
- ✓ It serves as a time to implementing business plan (activities)

FORMAT OF ACTION PLAN.

The format of an action plan varies from one type of business to another. Some action plans indicate which activity will be done and the period in which it will be done. Other action plans in addition to the activity and time frame provide for the person who is to carry out the activity and the resources needed. Therefore, an action plan can be prepared in two formats as shown below.

Format 1

Activity	Time frame

Format 2

Activity	Time frame	Person in charge	Resources needed.

Consistency of a business plan

A business plan is made of seven components as seen above which when put together make up a coherent business. It therefore, means that all these components should be consistent with each other in the following ways;

- ✚ The proposed business activities should be consistent with its stated objectives and goals ie the business activities should be seen as leading to the attainment of the objectives and goals.
- ✚ The marketing plan should be feasible in the given environment and at the same time be consistent with the production plan ie the business should have the capacity to produce and meet its marketing plans.

- ✚ The business should have sufficient resources, labour and funds to support its production plans and undertaking its marketing activities.
- ✚ The projected cash flow should allow the production schedules and marketing activities to be carried out without interruptions.
- ✚ The organisation structure being proposed for the business must be capable of enabling it to implement production, marketing and financing plans efficiently and effectively.

MONITORING OF BUSINESS OPERATIONS

Monitoring of business operations involves the activities of managing and controlling the business property so as to obtain the desired objectives of the business e.g profit target

Reasons for monitoring business operations.

- ✓ To monitor the financial position of a business at a particular time
- ✓ To follow up the materials issued and received into the store in a given period of time
- ✓ To find out how much and from where the business gets its cash
- ✓ To compare profits realized with the planned profits
- ✓ To determine the profits made or losses suffered by a business in a given period of time
- ✓ To evaluate worker's performance against set standards
- ✓ To maximize cost of production
- ✓ To ensure proper financial management in business
- ✓ To minimize time wastage by workers while at work
- ✓ To ensure production quality products
- ✓ To meet customer order in time
- ✓ To assess the extent to which business targets being met e.g sales targets

Monitoring tools used in a business

These are the established techniques that an entrepreneur can use to monitor and control the performance of his business. Monitoring tools vary from one type of business. These include the following

Sales targets. The entrepreneur uses sales targets by periodically comparing the planned sales of the actual sales and find ways of how to overcome the weakness, in case of failure to achieve the set targets, however to generate so much profits, the entrepreneur determine the amount of goods and services he has to sell/ generate surplus for making profits

Production targets. They help the entrepreneur to monitor the business by periodically comparing the planned output and each actual output and devise ways how to overcome the weakness in case failure to achieve the set targets.

Stock record. Stock records involve keeping update records regarding stock. It involves the use of tools for effective store management like stock taking, use of stock cards. Through stock records an entrepreneur will be able to know the amount of stock sold and the stock that has remained in the business. Therefore stock records helps and entrepreneur to monitor the inflow and outflow of the stock in the business

Cash flow statement. It is a monitoring tool which shows an entrepreneur how much and from where the business will get cash and how it will be used over given period of time. For instance in a week, a month etc. it shows whether a business will have enough cash to cover its projected expenditure or not.

Books of accounts. Examples include cash books, purchases day book, sales day book, receipt books among others

Departmental reports. These involve making of written information by departmental heads about the performance of each department in relation to set goals. This helps the entrepreneur to compare the actual performance with the set targets and make strategies to overcome the weakness in case of failure to achieve them

Sources of business funds like loans. The lenders always have a keen interest in the borrowing business to ensure that the borrowed funds are managed effectively and repaid promptly. Failure to pay the borrowed funds according to the loan installment agreed upon indicates poor performance in the business

Balance sheet. This is a financial statement drawn to show the financial position of the business as at a particular period of time usually at the end of trading year. It shows the financial position of the business as at a given period of time ie it shows the relationship between the business assets and liabilities for instance the working capital of the business at a particular time.

Work order forms. These are monitoring tools purposely prepared to keep an accurate record of customer's orders and allocate the work to the workers. They help the entrepreneur to maintain control on the work to be done.

Format of a work order form

Date	Name	Description of work	Employee no.	Start time	End time	Work order no.

Work schedules. These are particularly made for proper management of time by the workers. Worker schedules must be carried out on a daily basis and they should be flexible to adjust to different forms of changes/ descriptions. They indicate the date, activity to be done when to start and finish it, the person in charge as well as the person who will supervise the assigned work. After preparing the work schedules all workers should get a copy. Work schedules help entrepreneurs to keep the workers busy on the job as well as satisfying his customers since their work will be completed well and on time

Format of work schedule

Date	Activity / description of work	Worker	Supervisor	Start time	End time

Importance of scheduling work in an enterprise

- ✓ It helps workers to complete assigned task/ work on time
- ✓ Scheduling of work facilitated sequencing of time as certain jobs needs to be completed before others within the trade on entrepreneur
- ✓ It helps the entrepreneur to co-ordinate / compare the work in his business with those of the competitors
- ✓ It helps to avoid overlapping of function on organization
- ✓ Promotes efficiency among the workers
- ✓ It enables an entrepreneur to meet the demands/ orders of his customers on time

Operating budget. This is statement which shows a summary of the projected incomes in monitoring his business. An operational budget assists an entrepreneur in monitoring his business performance and operations by looking at the planned income and expenditure. An operational budget may be prepared for different period for instance weekly, monthly etc

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Steps involved in preparing an operational budget

- ✓ Settling the business goals and objectives for the period to be budgeted for
- ✓ Setting the activities to be carried out, their time table
- ✓ Estimating the sales to be made
- ✓ Estimating the cost of goods or services to be used
- ✓ Calculating the gross profits
- ✓ Estimating the operating expenses
- ✓ Determining the net profit
- ✓ Determining tax payable (if any)
- ✓ Determining the retained earnings/profits

Importance/ uses of an operational budget to an entrepreneur

- ✓ It helps an entrepreneur to estimate/ calculate his cost of production in advance by considering the anticipated items of expenditure in a given period
- ✓ It helps an entrepreneur in prioritize expenditure basing on his income since the budget shows all the items of expenditure in a given period
- ✓ It helps an entrepreneur in pricing his products appropriately basing on the estimated production cost so as to get his desired profits
- ✓ It helps an entrepreneur to calculate his estimated expenses , profits or net sales by considering his total estimated expenses and comparing it to the planned gross profits
- ✓ It helps an entrepreneur in monitoring his business operations since it provides the business with direction and purpose e.g estimated sales
- ✓ It helps an entrepreneur to know the source of his income or capital for his business where an entrepreneur may plan in advance where he is going to get funds e.g banks , loans, personal saving

Challenges faced when carrying out budgeting

- ✓ Inadequate release of funds by the financiers
- ✓ The too long time lag which makes the objectives to even change
- ✓ Setting of unrealistic targets/ objectives which makes some employees give up
- ✓ Absence of flexibility which exhibits rigidity in the budgets
- ✓ Limited participation of all the stakeholders which results into resentment by these to whom it is imposed

Pre-operating expenses

These are costs incurred by the business before it starts its operations. They include the following.

- **Business license and registration:** This is an operating license obtained from the local authorities enable a business to commence operations. However where

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a business wishes to operate as a company or with names other than the owners, then it will have to register itself with the Registrar of companies before operations commence.

- **Installation of machinery and equipment**, in case the business is to deal with production of goods it has to acquire the necessary machinery and equipment, this means it has to buy and install them before the business starts operations.
- **Construction or hiring of a building**, a building has to be first constructed or hired in order for machines to be installed or stocking the merchandise to be ready before the business starts. This means incurring either construction or hiring costs before commencing operations.
- **Technical training expenses**, here an entrepreneur will have to train the personnel needed in the management of his / her business in order for them to acquire the relevant skills prior to its operations. Thus training costs have to be incurred prior operations.
- **Utilities**, these include facilities like water, electricity, telephone etc. All these requirements have to be paid for (at least some money) before the business commence its operations.
- **Market Research expenses**, this will involve finding the best ways of marketing his / her products in order to attract customers to the new product those from other competitors.
- **Advertising expenses**; these have to be incurred prior so as to create awareness among the prospective or customers.

***Factors that limit successful implementation of business plans in Uganda.
(Account for the frequent failure of business plans in Uganda)***

- ✓ Limited funds for starting and operating the planned business.
- ✓ Limited market for the products / high level of competition for market.
- ✓ Failure to involve stakeholders in decision making.
- ✓ Economic instability e.g inflation, unstable exchange rates.
- ✓ Threats like competition.
- ✓ Natural calamities like floods, storms and drought.
- ✓ Changes in customer tastes and preferences.
- ✓ Under developed infrastructures like roads.
- ✓ Personal weaknesses of the entrepreneur like laziness.
- ✓ industrial unrest / strikes
- ✓ Unfriendly government policies of high taxation.
- ✓ Insufficient market assessment about the business.
- ✓ political instability
- ✓ inadequate planning by the entrepreneur
- ✓ Unreliable sources of raw materials.
- ✓ Limited skilled labour.
- ✓ Unrealistic targets set by the entrepreneur.

Factors determine / affect / influence the success of business plan in Uganda.

- ✓ availability of funds
- ✓ level of competition for market
- ✓ degree to which stakeholders in decision making
- ✓ government policy of high taxation and subsidization
- ✓ level of market assessment about the business
- ✓ political climate
- ✓ level of planning by the entrepreneur
- ✓ sources of raw materials
- ✓ level of inflation
- ✓ level of experience and skills of the entrepreneur
- ✓ Nature of targets set by the entrepreneur.

Measures that can be taken to ensure successful implementation of a business plan.

- ✓ Involving stakeholders in decision making.
- ✓ Conducting thorough market survey so as to select profitable business opportunity.
- ✓ Ensuring political stability to protect economic activities.
- ✓ Identifying reliable suppliers of raw materials.
- ✓ Ensuring economic stability for instance stable prices for goods and services.
- ✓ Employing effective planning by the entrepreneur.
- ✓ Setting realistic targets that are attainable within the given time period.
- ✓ Employing skilled and experienced workers capable of implementing the business activities.
- ✓ Lobbying government support through Associations for tax holidays/ subsidization.
- ✓ Ensuring availability of funds needed to start and operate business.

Sample questions

Question 1

Emily is a professional journalist based in Nansana Municipality. She completed her degree course two years ago but could not find a job. She conceived an idea of starting an online community newsletter in Nansana called, Nansanet. She carried out research about how many people in Nansana use internet on a daily basis to access news either on their phones or on computers. She started profiling each of the organisations in the area and writing stories whenever they would have special events. She did this free of charge as a way of marketing and advertising her newsletter. Currently, every organisation that has a special event in Nansana municipality hires the services of Nansanet because it is the only local newspaper in the area.

When she developed the idea of Nansanet newsletter, Emily prepared a simple business plan which she presented to the director of a media institute where she studied. The director was impressed by her idea and donated her one laptop

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computer, a digital camera and gave her a loan of Shs 1 million which enabled her to start the online community newspaper.

Emily is now employing two of her friends who are journalists. One of the friends has proposed to Emily to develop a detailed business plan which will act as a vital tool in mobilizing capital, guiding employees, focusing the business and sorting out legal issues with the government and the community. Besides Nansanet, Emily hopes to start a radio station in the area since there is none. She believes that a radio station will have a wider coverage of Nansana municipality and beyond. She has hired a consultancy firm to write a detailed business plan for the radio station that she could present to financiers and other users of the business plan.

Required:

- a) Explain what is meant by a business plan.
- b) Explain to Emily the importance of having a business plan for her proposed business.

SAMPLE QUESTIONS

1. (a) Describe the elements of a business plan
(b) What is the importance of preparing a business plan?
2. (a) Define the term business plan and explain the different types of business plans.
(b) Describe the structure of a business plan.
3. (a) What is the importance of an executive summary?
b) Describe the structure of an executive summary?
4. (a) Describe the components of the production process section of a production plan.
(b) What are the contents of a management plan?
5. (a) List the production needs which are considered when developing production.
(b) What are the problems that may hinder the successful implementation of a business plan?
6. (a) Explain the steps that should be considered when designing a marketing plan.
(b) Describe the tools an entrepreneur may use to monitor business operations.
7. (a) Explain the steps followed while preparing a business plan.
(b) Of what importance is an operational budget to an entrepreneur?
8. (a) Distinguish between a master daily work schedule and a daily work schedule.

- (b) Explain the importance of work schedule to an entrepreneur.
- (c) Examine the factors considered by an entrepreneur when preparing a daily schedule.
- 9. (a) Explain the uses of an action plan to an entrepreneur.
- (b) Of what importance of the following to an entrepreneur
 - i. cash flow statement
 - ii. Marketing plan
- 10. (a) Why is it necessary for entrepreneurs to carry out proper budgeting?
- (b) Describe the steps involved when preparing an operational budget.
- 11. (a) What are the components of
 - i. General description of a business.
 - ii. Financial plan
- (b) Explain the challenges faced when carrying out budgeting.
- 12. (a) Define pre-operating expenses.
- (b) What are the various pre-operating expenses business incur?
- 13. (a) Explain the qualities of a good business goal?
- (b) What is the importance of setting goals in business?
- 14. (a) Define a cash flow statement.
- (b) What are the elements of a cash flow statement?

END