



Credits: 3

Learning hours: 30 hours

Sector: All

Sub-sector: All

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Purpose statement

This module covers the skills, knowledge and attitude to develop a business plan which is linked to organizational strategic outcomes and facilitates the achievement of service delivery. The module will allow the learner to identify elements of business plan, develop business plan in line with the identified elements, establish strategies to monitor, evaluate and update the business plan (Contingency plan) and present a business plan.

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Learning Unit -1: Identify elements of business plan.

L.O.1.1: Analyze business environment in accordance with identified business idea.

• Meaning of business environment

Business environment are all internal and external factors that contribute in operation of business in location. The business environment can include factors such as: clients and suppliers; its competition and owners; improvements in technology; laws and government activities; and market, social and economic trends.

Business environment helps in identifying business opportunities, tapping useful resources, assists in planning, and improves the overall performance, growth, and profitability of the business.

The current business situation is one section in the plan describing the company's current state of market. A situation analysis basically looks at where the company has been given the environmental factors as discussed above. It is at this step that the entrepreneur should review the past performance of the products and the company. The analysis provides information on the market size, growth rate, suppliers, competitors and the general economic conditions.

• Meaning of business situation

A current business situation describes a description of the company, the marketing plans in place and goals for the future. It also states the company's mission statement. The current business situation is one section in the plan describing the company's current state of market.

• Types of business environment.

Business environment are all internal and external factors that contribute in operation of business in location.

a. Internal environment

Internal factors that contribute to the business operations include:

- Financial resources
- Assets
- Human resources
- Technological resources

b. External environment

External factors that contribute to the business operations include:

- Suppliers of Inputs
- Customers
- Marketing Intermediaries
- Competitors
- Publics
- Economic environment
- Social and Cultural environment
- Political and Legal environment
- Technical environment
- Demographical environment
- Natural environment

All internal and external factors should be analyzed carefully before developing the identified business idea.

- **Current industrial trends analysis:**

Industry trend analysis is a market assessment tool used by businesses and analysts to understand the competitive dynamics of an industry. It helps them get a sense of what is happening in an industry, e.g., demand-supply statistics, degree of competition within the industry, etc. It helps entrepreneur to identify both the opportunities and threats coming in his/her way and gives him/her a strong idea of the present and future scenario of the industry.

Methods used in industry analysis:

1. Competitive Forces Model

The Competitive Forces Model is an important tool used in strategic analysis to analyze the competitiveness in an industry. This model includes analyses of the following five forces:

a. Industry rivalry (Degree of competition among existing firms): The number of participants in the industry and their respective market shares

b. Treat of substitutes (products or services): Substitutes can take two forms – products with the same function/quality but lesser price, or products of the same price but of better quality or providing more utility.

c. Bargaining power of buyers: refers to the pressure that customers/consumers can put on businesses to get them to provide higher quality products, better customer service, and/or lower prices.

d. Bargaining power of suppliers: refers to the pressure that suppliers can put on companies by raising their prices, lowering their quality, or reducing the availability of their products. This framework is a standard part of business strategy.

e. Barriers to entry (threat of new entrants): refers the obstacles or hindrances that make it difficult for new companies to enter a given market. These may include technology challenges, government regulations, patents, start-up costs, or education and licensing requirements.

- SWOT analysis of the business

SWOT Analysis stands for Strengths, Weaknesses, Opportunities, and Threats. It can be a great way of summarizing various industry forces and determining their implications for the business in question.

Strengths: Those are the characteristics that give the business its competitive advantage.

Weaknesses: those are internal characteristics that a company needs to overcome in order to improve its performance.

Opportunities: Opportunities are elements that the company sees in the external environment that it could pursue in the future to generate value.

Threats: Threats are elements in the external environment that could prevent the company from achieving its goal or its mission or creating value.

LO 1.2: Conduct business feasibility study in line with business environment analysis results

- Meaning of business feasibility study

Business feasibility study is the process of determining if a business idea is viable.

It takes all of a project's relevant factors into account including economic, technical, legal, and scheduling considerations to ascertain the likelihood of completing the project successfully.

It follows the **opportunity recognition stage** but comes before the **development of a business plan**. When a business idea is deemed not viable, it should be dropped or rethought.

• Purpose of business feasibility study

A feasibility study aims to objectively and rationally uncover the strengths and weaknesses of an existing business or proposed venture, opportunities and threats present in the natural environment, the resources required to carry through, and ultimately the prospects for success.

The following are some benefits of business feasibility study:

- Improves project teams' focus
- Identifies new opportunities
- Provides valuable information for a "go/no-go" decision
- Narrows the business alternatives
- Identifies a valid reason to undertake the project
- Enhances the success rate by evaluating multiple parameters
- Aids decision-making on the project

• Components of business feasibility study

- ✓ **Product feasibility:** This is an assessment of the overall appeal of the product or service being proposed. Before rushing a prospective product or service into development, a firm should be confident it's what customers want and that the product or service will have an adequate market.
- ✓ **Market feasibility:** This is an assessment of the overall appeal of the market for the product/service being proposed.
- ✓ **Organizational feasibility:** This is conducted to determine whether a proposal business has sufficient management expertise and other resources to successfully launch its business
- ✓ **Financial feasibility:** The most important issues to consider here are total start up cash needed, financial performance of similar businesses and the overall financial attractiveness of the proposed venture.
- ✓ **Recommendations and conclusion:**

• Steps involved in feasibility analysis

Step 1. Conduct a preliminary analysis

The first thing is to do in the project feasibility study is to outline your plan. This gives you a vision of what is the goal of your project and which areas your analysis must be going.

Step 2. Prepare a projected income statement

This step requires you to work backwards. Start with what you expect the income from the project to be and then what investment is needed to achieve that goal. This is the foundation of an income statement. Things to take into account here include what services are required and how much they'll cost, any adjustments to revenues, such as reimbursements, etc.

Step 3. Conduct a market survey or Perform Market Research

This step is key to the success of your feasibility study, so make it as thorough as possible. It's so important that if your organization doesn't have the resources to do a proper one, then it is advantageous to hire an outside firm to do so. The market research is going to give you the clearest picture of the revenues you can realistically expect from the project. Some things to consider are the geographic influence on the market, demographics, analyzing competitors, value of market and what your share will be and if the market is open to expansion (that is, response to your offer).

Step 4. Plan business organization and operations

Once you have precisely performed the previous three steps from the project feasibility study, it is now important to set up the organization and processes of the intended business endeavor. This step must include the startup cost, investments including the operational costs.

The said cost includes factors such as equipment, marketing methods, infrastructure, personnel, supply convenience, etc. This may also include any known and surprising costs that may occur while implementing the project.

Step 5. Prepare an opening day balance sheet

This includes an estimate of the assets and liabilities, one that should be as accurate as possible. To do this, create a list that includes item, source, cost and available financing. Liabilities to consider are such things as leasing or purchasing of land, buildings and equipment, financing for assets and accounts receivables.

Step 6. Review and analyze all data

All these steps are important, but the review and analysis are especially important to make sure that everything is as it should be and nothing requires changing or tweaking. So, take a moment to look over

your work one last time. Reexamine your previous steps, such as the income statement, and compare it with your expenses and liabilities. Is it still realistic? This is also the time to think about risk, analyzing and managing, and come up with any contingency plans.

Step 7. Make "go/no go" decision

You're now at the point to make a decision about whether the project is feasible or not. That sounds simple, but all the previous steps we're leading to this decision-making moment. A couple of other things to consider before making that binary choice is whether the commitment is worth the time, effort and money and is it aligned with the organization's strategic goals and long-term aspirations.

LO 1.3: Define elements of business plan

• Meaning of the term business plan

A **business plan** defined as a written document describing in details the objectives, goals and procedures of implementing or carrying out a business. It is designed to guide the implementation of a business.

• Difference between business plan and project plan

Business is a larger concept in comparison to a Project. A project is a work undertaken under a business organization ranging from manufacturing, trading or service industry of various goods or services. Business is an activity of conducting all such commercial transactions which covers such various projects which generate revenue and maximizes profits.

A business plan outline how a business is organized, sales and marketing strategies, business goals and a host of other details about a BUSINESS. While A project plan is a document that outlines a specific project, what must be accomplished in the project, resources needed, dates and timelines and goals, etc.

• Importance of the business plan

The business plan has many importance. The following are some importance of business plan:

-To Attract Investors. Whether you want to shop your business to venture capitalists, or attract angel investors, you need to have a solid business plan.

-To Test the Feasibility of Your Business Idea. Writing a business plan is the best way to test whether or not an idea for starting a business is feasible, other than going out and doing it without having a plan.

- To Give Your New Business the Best Possible Chance of Success. Writing a business plan will ensure that you pay attention to both the broad operational and financial objectives of your new business and the details, such as budgeting and market planning.

-**To Secure Funding, such as Bank Loans.** Having a business plan gives you a much better chance of getting the money you need to keep operating or to expand. You're going to need both operating and start-up capital to start a new business and you have no hope of getting any money from established financial institutions such as banks without a well-developed business plan.

-A good business plan will help the entrepreneur attract partners and high quality employees to the business because it clearly indicates the future of the business.

-Provides room to understand risks involved

- **The needs of the business plan**

A business plan is needed to be used by many users depending on the type of the user each user need different information. Information in business plan used both internal and external of the business.

- **Internal use**

Inside the firm, it helps the company develop a "road map" to follow in executing its strategies and plans.

Internal users of business plan include: Business owners(entrepreneurs), Managers, and employees

- **External use**

Outside the firm, it introduces potential investors and other stakeholders to the business opportunity the firm is pursuing and how it intends to pursue it. External users of business plan include: Government agents, Financial institutions, Investors, etc.

- **Elements of business plan**

- ✓ Title/cover Page
- ✓ Executive Summary
- ✓ Description of the business
- ✓ Production plan
- ✓ Marketing plan
- ✓ Business staff plan
- ✓ Financial plan

- **Risk associated to the business**

Meaning of business risk

Business risk is the exposure a company or organization has to factor(s) that will lower its profits or lead it to fail.

The process of identifying risks, assessing risks and developing strategies to manage risks is known as risk management.

Types of risks associated to the business activities

There are many different types of business risk. Some are internal while others.

a. Internal Risks

These are internal factors which affect the business but are within a company's control and sometimes occur as a result of improper systems put in place or the lack thereof.

Internal risks include:

b. External Risks

External risks are outside the control of the project team and its host organization. Those risks are generally more difficult to predict and control.

External risks include:

Competitive Risk. The risk that your competition will gain advantages over you that prevent you from reaching your goals.

- ✓ Economic Risk.
- ✓ Operational Risk.
- ✓ Legal Risk.
- ✓ Compliance Risk.
- ✓ Strategy Risk.
- ✓ Reputational Risk.
- ✓ Program Risk.

Learning Unit 2 - write a business plan in line with the identified elements

LO 2.1 - Describe the business

• Title Page/ Cover page

The cover of the business plan is often the first impression of a business for interested parties or investors. The purpose of a cover is to tell the reader what document is about. Your cover should say the words business plan and should include:

- ✓ Business name
- ✓ Business logo Product mark
- ✓ Address including: Location, telephone, fax, email and company website, etc.
- ✓ Name of person who developed the business plan
- ✓ In which day, month and year plan is issued.

Table of contents

All pages of a business plan should be correctly numbered and the table of contents should include page numbers. The table of contents allows to easily refer to sections within the plan. It is a quick overview of the document's content.

• **Executive summary**

The purpose of executive summary is to summarize the key points of a business plan for its readers, saving them time and preparing them for the upcoming content. It gives an overview or summary of all the other sections or key elements of the business plan.

It includes the following information:

- the name and location of the business
- Type of business to be done
- the industry/market of the business
- the uniqueness of the products/services and what proprietary rights of the business
- the current stage of development for the venture
- the legal form of the organization and why
- the key management personnel and what skills do they have that will help the business
- Projection of sales
- the break-even
- Who is requesting the funds
- For what purpose are the funds being requested
- the expected benefits of this investment to your company
- funds repayment
- collateral to be used to secure a loan

- the business financial milestones

- **Description of the business**

The business description section of a business plan is another section, coming after the executive summary. The business description outlines vital details about your company, such as:

- ✚ The rationale of the business idea
- ✚ Structure of the business
- ✚ What is the type of the business (Manufacturing? Services? Construction?)
- ✚ Business mission
- ✚ Business vision
- ✚ Business objectives
- ✚ Competitive advantage of the business

LO 2.2 - Design business production plan in line with results from business environment analysis

Production plan is the guideline to create and monitor output of a product and how that output affects other parts of a business plan such as marketing, sales and logistics. A production plan is used to maximize the efficiency of company resources and to establish benchmarks for future projects.

The production plan describes how production will be carried out in the business, the goods or services that will be produced in the business. In your production plan, you should show the following:

- **Product design**

Branding and Packaging

Branding and Packaging is very important because plays a vital part in attracting customers.

Branding is a marketing strategy used to develop a distinct name, image or logo of a product to attract the attention of the customers. Its objective is to provide a unique identity to a product so that it is different from the products of other companies. It also seeks to develop trust and loyalty among the customers for the product.

Packaging: refers to the process through which the container, packet, wrapper or cover for enclosing a product is designed, evaluated and produced.

The main objectives of packaging are:

-brand identification

-serving as a means of communicating information the product, including descriptive as well as persuasive information

-distributing the product while ensuring that it is not damaged

-serving as a means of promoting the product at the point of purchase

- **Business premises and plant location**

In this part of planning, you have to show the following:

***Location and reason of the choice**

Show the intended physical location of the proposed business premises, and reasons to justify the desired location for your business.

Factors to consider in deciding the location of the business include:

- Distance to your customers and suppliers
- Access to the transportation network
- Security
- Labor availability

***House or land for the production**

Show a brief status of the cost whether rented, leased or own premises and the costs associated with it.

- **Equipment and machinery required**

You should show the type, quality and capacity of equipment and machinery required. Do not forget to indicate the possible sources of these equipment and their cost

- **Production planning**

In this part of planning, you have to show the following:

-Process under which the production will pass through: Describe the stages of production from start to finished product. There is a need to do an outline of day to day business operations, such as the hours of operation, and the days the business will be open. If the business is seasonal, be sure to say so.

- **Raw materials**

Raw materials refer to the basic materials either natural (minerals, timber, cotton for cloth, clay for bricks, etc.) or artificial (plastic, nylon, etc.) from which products are made through a transformation process.

An entrepreneur has to show:

- The amount of raw materials needed to produce a given quantity of product
- Amount of each ingredient that will be needed to formulate a batch/set of product

Don't forget to show their cost (purchase and transport) and sources.

- **Competing technologies**

An entrepreneur has also to plan for technology. In this part of planning, you have to show plan about the following:

- The technology to be used during the production process:** Which type of technology will you use in your production process.
- Technologies that should be developed by other and affect your business:** how will you deal with technology that will be developed by competitors.

- **Manufacturing and operations**

In this part of planning, you have to show plan about the following:

- The cost of manufacturing: How much money that will be spent in Manufacturing and operations.
- Reduction of the manufacturing cost

- **Quality control and ongoing service**

Quality refers to the ability of a product or service to satisfy the needs of customer.

Quality control (QC) is a procedure or set of procedures intended to ensure that a manufactured product or performed service follows to a defined set of quality criteria or meets the requirements of the client or customer. At this point of planning as an entrepreneur you have to show:

- Plan to avoid defects or imperfections of products
- Monitoring or inspection that you intend to build into the production process
- Strategies will you use to satisfy the customer changing preferences

The following methods can be used to control quality in the production process:

- Selection of better raw materials.

- Provision of a good storage for both raw materials and finished products.
- Using production machines or equipment for reducing human errors.
- Using skilled staff in production process.
- Carrying out market research to know what consumers want.
- Regular supervision of production process.
- Employ quality controllers

• Labour requirements

Labours are the persons who work for the business in return for a wage or salary. They may be skilled, semi-skilled and unskilled. In this part an entrepreneur explains:

- Types of workers needed during production process (full time or part time)
- The required skills of each workers and their qualifications or level of skills (skilled, semi-skilled or unskilled)
- Number of workers needed
- What kind of work should they do?
- How much will they be paid?
- Whether they are readily available and their payment;
- What labour and safety standards must be met?
- How are they to be recruited?
- What personnel development or staff training programs are to be conducted?

• Operations

The design of your production operations

The operations section of your business plan is where you explain in detail your company's objectives, goals, procedures, and timeline. An operations plan is helpful for investors, but it's also helpful for you and employees because it pushes you to think about tactics and deadlines. It outlines the steps you'll take to complete your business mission.

Your operations plan should be able to answer the following:

- **Who** – The personnel or departments who are in charge of completing specific tasks.
- **What** – A description of what each department is responsible for.
- **Where** – The information on where daily operations will be taking place.
- **When** – The deadlines for when the tasks and goals are to be completed.
- **How much** – The cost amount each department needs to complete their tasks.

• Utilities and office consumables

The utilities or business support services are goods and services which are needed to support the production process and operational business

Consumables needed in the production

Here an entrepreneur has to describe the utilities and Consumables needed in the production such as electricity, water, telephone, transport, communication, insurance, security, etc. Show their suppliers and costs.

• Packaging equipment required

Packaging refers to the process of wrapping, crafting, filling or compressing of products to protect them from spoilage, breakage, leakage, pilferage and contamination in the process of transit, storage and use. Packaging makes products easy to handle and also attractive to customers.

The entrepreneur should ensure that it easy to use, open, be of practical use and have instructions that can easily be followed and understood. In this stage an entrepreneur shows the following:

-Types of materials that you will use to package your product

When you are looking to package a product, you need to decide which type of material you will package your products in. This will depend on the type of your product and how you want your product to be packaged. Types of packaging materials include:

1. Paperboard boxes
2. Corrugated boxes
3. Plastic boxes
4. Rigid boxes
5. Chipboard packaging
6. Poly bags
7. Foil sealed bags

-Source of supply and the quantity needed: where will you buy those equipment, and which quality needed.

-The terms and conditions of suppliers

Those include: Price, terms of payment, delivery terms, warranties, Discounts, Shipping, Insurance, etc.

- **Importance of business product**

In this part you show all importance of your product. Try to convince the people how your product is important compared to others.

Focus on benefits. Unique features are important, but even more vital is how those features provide value to consumers. Translate your features (i.e., faster or cheaper) into benefits (i.e., get it now or save money). The goal is to highlight how your product or service will fix a problem or improve a client or customer's life.

LO 2.3 - Design marketing plan in line with market feasibility study and business products

A marketing plan is a business document outlining market strategy and tactics. It's often focused on a specific period of time (12 months) and covers a variety of marketing related details, such as costs, goals and action steps.

In your marketing plan, you are required to write down the following:

- **Market research (Customer description)**

Before you can begin marketing your product or service, you have to know the type of customers you are trying to attract to your business.

- **Market Analysis**

In writing up your market analysis, you'll get to demonstrate the knowledge you've gained about the industry, the target market you're planning to sell to, your competition, and how you plan to make yourself stand out. Outline your target market by listing characteristics such as:

***Geographical location of the customers**

List characteristics of your customers' locations such as their country, state, county and zip code. You can also identify consumers based on the characteristics of the area they live in, such as its climate, the population density and whether it's urban, suburban or rural.

***The size of the different market segments?**

A market segment is a group of people who share one or more common characteristics, lumped together for marketing purposes. Each market segment is unique, and marketers use various criteria to create a target market for their product or service.

Market segmentation can help you to target just the people most likely to become satisfied customers of your company or enthusiastic consumers of your content.

Types of Market Segmentation:

1. Demographic Segmentation

Demographic segmentation refers to splitting up audiences based on observable, people-based differences. These qualities include things like age, sex, marital status, family size, occupation, education level, income, race, nationality and religion.

2. Behavioral Segmentation

You can also segment your market based on consumers' behaviors, especially regarding your product. Dividing your audience based on behaviors they display allows you to create messaging that caters to those behaviors. Many of the actions you might look at relate to how someone interacts with your product, website, app or brand.

3. Geographic Segmentation

Geographic segmentation, splitting up your market based on their location. A customer's location can help you better understand their needs and enable you to send out location-specific ads.

There are several kinds of geographic segmentation. The most basic is identifying users based on their locations such as their country, state, county and zip code. You can also identify consumers based on the characteristics of the area they live in, such as its climate, the population density and whether it's urban, suburban or rural.

4. Psychographic Segmentation

Psychographic segmentation is similar to demographic segmentation, but it deals with characteristics that are more mental and emotional. These attributes may not be as easy to observe as demographics, but they can give you valuable insight into your audience's motives, preferences and needs. Understanding these aspects of your audience can help you to create content that appeals to them more effectively. Some examples of psychographic characteristics include personality traits, interests, beliefs, values, attitudes and lifestyles.

That information can help you pinpoint the most effective media to use when you are marketing to your target clients

***The current and past trends affecting the market you plan to enter**

You need to take a look at trends the same way you look at population and demographics. Is there a shift to more natural or organic ingredients that might impact your business? How might energy prices figure in? The easy availability of the internet and smartphone technology? The questions will be different for every type of business, but it's important to think about the types of changes that could affect your specific market. In this section, you can cite experts from the research you've done-a market expert, market research firm, trade association, or credible journalist.

Explain your reasoning that may well have identified an opportunity that others are yet to recognize. This is done by identifying marketing trends such as growth of an age group, increase or decrease in expendable income, increase or decrease in number of children, etc.

• Competition analysis

Major competitors

Regardless of the size of the business, you likely have competitors who offer products and services that are similar to what your business provides. There is a need for every entrepreneur to identify who their competitor is, by name, listing the types of products and services they offer, the types of customers they target and take note of the tactics they use to attract and retain customers. This information will help him/her to develop his/her own marketing strategies and tactics.

The SWOT of your competitors

SWOT Analysis of the business means:

i. Strengths of the business are things within the business that give it advantage over other businesses such as product quality, convenient and good location, qualified personnel, good customer service, sufficient working capital, robust and adequate production capacity, modern technology, skilled motivated staff, etc.

ii. Weaknesses of the business are things within the business that limit its capacity and competitiveness such as poor product quality, poor product image, insufficient working capital, inadequate production capacity, having outdated technology, having unskilled staff, small distribution network, etc.

iii. Opportunities of the business are things outside of the business that are likely to benefit the business such as high population growth rate, international and national events, invention of new technology, new

favorable government policies, favorable changes in consumer tastes and preferences, possibility of securing a big order, reduction in poverty levels, etc.

iv. Threats to the business are things outside the business that are likely to negatively affect the business such as entry of new competitors, political instability, world insecurity or terrorism, increased taxation, unfavourable government policy, changing customer tastes and preferences, etc.

-Use their weakness to compete them

Sometimes there are weaknesses in your competitors that you can use to your benefit.

-Set strategy to address the threats

• Target market

-The group of customers that made you to start your business

A target market refers to a group of customers to whom a company wants to sell its products and services, and to whom it directs its marketing efforts. Consumers who make up a target market share similar characteristics including geography, buying power, demographics, and incomes.

-Your core customer

Because you have limited time, resources, and budget, you cannot be everything to everyone. To effectively reach customers, you need to segment your target market into one primary market on which you focus most of your energy.

• Marketing objectives

Marketing objectives are goals set by a business when promoting its products or services to potential consumers that should be achieved within a given time frame. The marketing section should clearly indicate the objectives to be achieved. Some objectives a business predict to achieve include:

Market share: the percent of total sales in an industry generated by a particular company.

Increase Sales and/or Revenue: If you are selling products or services, you may want to focus on selling more of those offerings. This is one of the marketing objectives that will increase revenue and the amount of money coming into your business.

Increase brand awareness: Brand awareness is the way in which consumers recognize and remember your business. The greater the brand awareness you have, the more audiences will be familiar with your logo, messaging, and products.

Increase Profit: This marketing objective is different from increasing sales and revenue, because you may increase your profit through means other than selling more. This objective may include cutting expenses and overhead, selling more items that have higher margins, or other changes that increase profit (which may not necessarily increase revenue).

Target New Customers: You may choose this goal if you already have a loyal client base but would like to expand out and reach new audiences, customers, and clients.

Retain Existing Customers: Rather than focus on new customer acquisition, you may want to focus on keeping the existing customers you already have.

Promote New Products or Services

If your upcoming plans include launching new offerings, your marketing objectives should include promoting those new products and services.

NB: It is important to always ensure that your objectives are SMART. SMART stand for: Specific, Measurable, Achievable, Realistic, Time-bound (in time)

- **Product description**

In the product description, you need to explain what your product or service is, the specific thrust of your plan, and the main strategies that will be used to accomplish your objectives. A definite product description provides customers with details around features, problems it solves and other benefits to help generate a sale.

In this section you explain the following:

Product positioning: Positioning refers to the place that a brand occupies in the minds of the customers and how it is distinguished from the products of the competitors and different from the concept of brand awareness. It defines what makes your product unique and why it is better than alternative solutions.

The proportions of sales revenue for each type of product/service: You have to forecast the ratio of sales each individual product will accounts for in a company's total sales. This is found by comparing the profit earned by a specific product to the total amount of sales brought in by the company during a specific period of time.

Economic value of your products/services: Economic value is the value that person places on an economic good based on the benefit that they derive from the good. It is often estimated based on the person's willingness to pay for the good, typically measured in units of currency.

- Specification (e.g. size, color, quality)

- Packaging

• Price of products/services

This involves determining how you will price your product or service; the price you charge has to be competitive but still should allow you to make a reasonable profit. The pricing strategy you outline in your marketing plan will answer the following questions:

-What is the cost of your product or service?

-How much are customers willing to pay?

-What are competitors' prices?

-What is your price?

-Explain how the pricing of your product or service is competitive.

• Place

This section lays out the distribution plan for the product or service. It involves answering these questions:

- Where will you locate your business and why?
- At which market will you sell your product?
- What is channel of distribution of your product and why? (Reaching the customers by selling to Individual, Retailers Wholesalers, etc.)

The aim of place in the marketing plan is to make sure that the product is available at the right place, at the right time, in the right quantities.

• Promotion

Promotion includes a description of the planned actions to inform customers about the opening of new business. In this part you have to answer the following questions:

-How will you communicate to customers the availability of your product?

-How will you offer discount to customer?

The above questions may be addressed through the following activities:

i. Advertising. The best approach to advertising is to think of it in terms of media and which media will be most effective in reaching your target market. Then you can make decisions about how much of your advertising budget you're going to spend on each medium.

ii. Sales promotion. If it's appropriate to your business, you may want to include sales promotion activities into your advertising and promotion plan, such as: offering free samples, offering credit facilities, offering discounts, product displays at the point of purchase, product demonstrations, that is, showing how the product works.

iii. Marketing materials: Every business will include business cards, brochures, and fliers in their promotion.

iv. Publicity. This is all about making people or the media spread awareness about your business.

v. Tradeshows. Tradeshows can be incredibly effective promotion and sales opportunities where you reach a wide section of customer if you go to the right trade shows.

• Market Strategies

Marketing strategy is the comprehensive plan formulated particularly for achieving the marketing objectives of the organization. In this part of business plan, you can show:

-Who will be the partners of your business?

-How will you manage your customers?

-How will you increase market share?

Some types of marketing strategy are the following:

Niche Marketing

This marketing strategy targets a defined demographic, psychographic and geographic market segment to become the market leader or specialist in a particular product.

Social Media Marketing

With the increase in the use of social media, it is rapidly used by the business organization to communicate with a large number of audience and convert them into buyers.

Cross Promotion Marketing

Under cross-promotion marketing, one brand partners with one or more non-competitive brand to target similar customers for entirely different products. It is a strategy which is cost-efficient and extends the target market.

Trade Show Marketing

The trade show marketing strategy brings all the people dealing in a particular industry under a single roof. It is one of the popular strategy opted by the small organization to acquire bulk orders and meet new customers, vendors, partners, etc. for the growth of the business.

Freebie Marketing

This marketing strategy psychologically influences the buyers by giving out a low-value product as a gift with a high-value product. Getting something additional or complementary enhances the satisfaction level of the customers.

• Ongoing marketing evaluation

Techniques used after the marketing plan period to analyze success in achieving individual marketing objectives and to more broadly assess the entire organization's marketing efforts.

In this part of planning, as an entrepreneur you show the plan for:

- What methods will you use to track customer satisfaction
- What methods will you use to track the effectiveness of your marketing activities
- What communication will you use to get feedback from customers

• Marketing budget

What will be the cost of marketing activities?

Marketing budget gives a clear overview of all the costs associated with carrying out your marketing activities, including advertising, online content, branding, public relations, staffing costs and more. It can help you to avoid unanticipated costs and reducing the possibility of overspending.

LO 2.4 - Design business staff in line with business activities

Staff or employees are the persons who work for the business in return for a wage or salary. They may be skilled, semi-skilled and unskilled

• Job analysis

Job Analysis is a systematic exploration, study and recording the responsibilities, duties, skills, accountabilities, work environment and ability requirements of a specific job.

What are the business activities?

When conducting job analysis, begin by understanding the business activities and the requirements of the job need to be filled. What kind of personality, experience and education are needed? To determine these attributes, sit down and do a job analysis covering the following areas:

- The individual tasks involved
- The methods for completing each task
- The purpose and responsibilities of the job
- The relationship of the job to other jobs
- Qualifications needed for the job

• Job description

What are the performance requirements to a specific task?

Job description is a document which states an overview of the duties, responsibilities and functions of a specific job in an organization. While planning your business, writing a job description for every position that you are planning is one of the most important steps that you shouldn't skip.

Benefits of a Job Description in a Business Plan

- It helps you attract the right employees
- It gives a detailed description of an employee's job or position
- It serves as a basis for outlining performance expectations, career advancement, job training, and job evaluation
- It provides a reference point for compensation decisions as well as unfair hiring practices.

A job description typically includes the following:

- Job title
- Job objective or overall purpose statement
- Brief of the general nature and level of the job
- Detailed description of the wide scope of the position
- List of duties or tasks to be performed that are critical to success

- Key functional and relational responsibilities (listed in order of significance)
- Description of the relationships and roles within the company, including the supervisory roles, subordinating roles, and other working relationships
- Job requirements, standards, and specifications
- Job location where the work will be performed
- Equipment available to be used for the job
- Salary range

- **Organizational structure**

The organization plan shows how the business will be organized. It shows the hierarchy of the staff?

An organizational plan contains the following:

- State the legal structure of the business.
- State the size and composition of a Board of Directors. Identify the proposed board members and include a short statement about each member's background. This should show how relevant they are to the business.
- The people in the organization. Present the key management roles in the business and the individuals who will fill each position. State the current or past jobs that the key personnel of the business have worked in before.
- Describe the exact duties and responsibilities of every manager. For each individual, include a brief statement of career highlights that focuses on his or her ability to perform the assigned role. -Explain how the business will be managed. Use an organization chart to explain the organization structure.
- Which people will supervise or manage other people?
- Tasks and responsibilities of each worker.
- Skills and experience required of each worker.
- Staff costs: salary and any other cost attached to each employee.

LO 2.5 - Develop business financial plan in line with business needs

A financial plan is a document that describes your current financial status, your financial goals and when you want to achieve them, and strategies to meet those goals. It shows if the business will make profit,

how much profit it will make and when it will make it. Most users of a business plan are interested in knowing that.

The financial plan shows the revenues and expenditures of the business. It should contain the following:

- **Total cost**

***Total cost** = variable costs + fixed costs

- **Start-up requirements plan**

Before starting new business, you have to prepare **start-up budget** which shows the expected sources of money and how the money will be spent.

A **start-up budget** is an itemized list of income and expenses for a new business, which often covers the period up to commencing operations and perhaps a small amount of time after operations have commenced. It shows:

1. Cost items (What are the cost items your business will need in its first year of implementation)

There is certain amount of money is needed during the start - up process of a business for payments before the business begins, to earn its own income. This money is called **start-up capital or start-up costs**.

It has two types:

- a. Investment capital or pre-operation payment:** This means money that a person starting a business will have to pay before his business starts operating. it is spent on buying land, constructing a workshop, building a house for business, legal fees, water and electricity connection, licenses fees and insurance fees, etc.
- b. Working capital or initial operation payment:** These are payments that take place when the business starts to operate to cover immediate expenses until revenues from sales flow back into the business.

2. Source of funds: what are the source of fund:

Possible sources of funding include: own savings, partners, family, friends, money lenders, credit co-operatives, government schemes and bank loans.

- **Projected cash flow statement**

Cash flow statement shows how finances(money) come in and out of the business. Using the cash statement, you can project and foresee shortages in time and find solutions so that your business does not get a cash crisis.

Under cash flows, we have the cash revenues (incomes/cash in) and cash payments (expenditures/cash out). These are further explained below:

-Cash revenues: This is a list all of the expected cash in (incomes) for each month in your financial year.

-Cash revenues: This is a list all of the expected cash in (incomes) for each month in your financial year.

For you to get the total cash flows, you get the total cash in (revenue/incomes) and subtract total cash out (payments/expenditures). The balance is your total cash flows. If your total payments are higher than total incomes in other-wards you get a negative number after reconciliation, it means that you don't have enough cash flow to run the business in that particular month.

Projected cash flow statement or Financial forecasts assist you to meet your business goals. They are a future prediction of your business finances.

Although predicting the future of your business finances is not easy, especially if you're starting a business, forecasting and making adjustments frequently will enable you to become more accurate.

The following is an example of projected cash flow statement:

Cash XYZ LTD

flow statement for two years

Details	Year 1	Year 2
Cash inflows		
Bal b/f	50,000,000	129,266,500
Bank loan	70,000,000	-
Income from sales	327,600,000	327,600,000
Total cash inflows	447,600,000	456,866,500
Cash out flows		
Interest on loan	11,200,000	8,960,000
Loan payment	14,000,000	14,000,000
Fixed costs	36,832,400	36,782,400
Variable costs	256,301,100	257,607,900
Total cash outflows	318,333,500	317,350,300
Net cash position	129,266,500	139,516,200

If the cash flow plan shows that the business is likely to run out of cash during any of the subsequent months, the entrepreneur can try taking the following measures:

Increasing cash inflow through:

- Increasing sales
- Giving less customer credit
- Using a bank overdraft
- Selling an investment item
- Asking a friend or family for money

Decreasing cash outflow through:

- Reducing operational costs
- Identifying a cheaper supplier
- Negotiating supplier credit
- Negotiating an extension of the loan period

• **Projected Income statement: Profit & Loss statement for the first three years**

*How your business will vary in term of income for 3 years

Trading, profit and loss statement or Income statement is a financial statement or report showing the profit or loss for a business during a certain period, as well as the incomes and expenses that resulted into this overall profit and loss.

The amount of the profit or loss is computed based on the formula: **Revenue – Expenses = Profit/Loss.**

There are five specific steps to calculating the trading, profit and loss statements:

- i. **Sales or revenue:** Including sales for cash and credit
- ii. **Cost of goods sold:** This is the price paid by the business for merchandise sold; it can be computed by adding the value of the goods purchased during the period to the initial stock, and then subtracting the value of the stock on hand at the end of the period.
- iii. **Gross profit:** Calculated by subtracting the cost of goods sold from sales.
- iv. **Expenses:** This includes labor costs and other costs of operating the business.
- v. **Net profit:** Amount remaining when the expenses are deducted from the gross profit.

An example of an income statement

YOLAMU MULAKI

Trading and Profit and Loss account for the year ending 31 December 2004

Income	Rw	Rwf
Sales		789,300
Sales returns		15,300
Net income from sales		774,000
<u>Less:</u> Cost of sales		
Opening Stock	54,000	
<u>Add:</u> Purchases	351,900	
carriage inwards	6,750	
	412,650	
Purchase returns	14,400	
Cost of Goods Available for Sales	398,250	
<u>Less:</u> Closing stock	102,150	
Cost of goods sold		296,100
Gross Profit		477,900
<u>Add:</u> Other incomes		
Discount received		15,750
Total income		493,650
<u>Less:</u> Operating expenses		
Carriage out	7,875	
Discount allowed	12,600	
Rent and rates	36,000	
Wages and salaries	162,000	
Printing and Stationery	33,300	
Telephone and telegraph	5,625	
Electricity	6,525	
Water	1,575	
Bank Charges	540	
Insurance	16,200	
Motor Expenses	25,200	

General office expenses	19,350	
Total Expenses		326,790
Net Profit		166,860

Note: Net purchases = Purchases – Return outwards

Goods available for sale = Opening stock + Carriage + Net purchases

Cost of sales = Goods available for sale – Closing stock.

Gross profit = Net sales – Cost of sales.

- **Projected balance sheet for the first three years**

***What will be the financial position of your business in the first three years**

A **balance sheet** is a financial statement or report which indicates what you own and what you owe on any given day in the life of a business.

The purpose of preparing the balance sheet includes the following:

- To ascertain the nature and value of assets of a business
- To ascertain the nature and amount of liabilities of a business
- To find out the financial solvency of the business or enterprise. An enterprise is considered to be solvent if its assets exceed the liabilities.

The balance sheet has two parties: the assets and liabilities.

a. Assets: They are resources or properties owned or possessed by a business that aid in the generation of income or facilitate business operations. Assets are categorized according to their nature into two major types:

- **Current assets:** These are assets that used in the period not later than one year. They include cash at hand, cash at bank, debtors (what people owe you) and inventory or stock, etc.
- **Fixed assets:** These are possessions or properties that can be used or benefit the business for the period beyond one year many and are not meant for sale. They include land, buildings, machinery and equipment, motor vehicles, furniture, etc.

b. Liabilities: These are debts or amounts of money owed by the business to the outsiders or simply the claims on the business by outsiders. They are financial obligations of the business enterprise that must be repaid. They are what a company owes. Liabilities are classified into two types:

•**Current or short term liabilities:** These are liabilities payable with a short time, usually one financial year or accounting period. Examples, trade creditors, bank overdrafts, outstanding expenses, one-year short term bank loans, VAT, etc.

•**Long term liabilities:** These are debts or financial obligations that are payable over a long period of time, usually after one year. Examples include long-term bank loans, bonds, debentures, mortgages, etc.

c. **Owner's equity** is how much money company owners have invested in the business.

An example of a balance sheet

Assets	liabilities
Fixed assets Land Motor vehicle Equipment Office furniture Total fixed assets Current assets Stock Debtors Cash Bank Total current assets	Capital Long-term liabilities Bank loans Current liabilities Trade creditors Accruals Total liabilities
Total assets	Total liabilities and owner's equity

• Liquidity ratio

What is the business ability to pay its short term obligations?

These measure the ability of the enterprise to meet its short term maturing obligations. Therefore, they assess the level of current assets and current liabilities. These ratios include the following:

a. Current ratio

$$\text{Current ratio} = \frac{\text{Current assets}}{\text{Current liabilities}}$$

A high ratio means debtors, stock and cash are high. This shows an inefficient firm since funds is not used.

A low figure means the business is not able to pay the current liabilities and vice-versa.

b. Acid Test ratio

$$\text{Acid Test ratio} = \frac{\text{Current assets} - \text{stock}}{\text{Current liabilities}}$$

The interpretation is similar to current ratio although here the assets that are hard to realize are removed. While calculating the acid test ratio inventories are excluded.

Usually the ratio should be around 1:1. This ratio is also known as the quick ratio.

c. Cash ratio

$$\text{Cash ratio} = \frac{\text{Cash} + \text{Cash equivalent}}{\text{Current liabilities}}$$

It indicates the cash available to pay the liabilities. It is more refined since it assumes that debtors may not pay their accounts on time and stock will take time to convert into cash.

• Debt Equity ratio

This is the ratio of total debt to the total equity of the business. It measures the extent to which the borrowed funds are covered by the business owners' funds.

$$\text{Debt Equity ratio} = \frac{\text{Total liabilities}}{\text{Total equity}} \times 100$$

This ratio compares the amount invested by owners to that invested by other lenders. The higher the ratio, the higher the financial risk and vice versa.

• Return on investment ratio

Return on Investment (ROI) is a performance measure, used to evaluate the efficiency of an investment or compare the efficiency of a number of different investments. To calculate ROI, the benefit (or return) of an investment is divided by the cost of the investment. The result is expressed as a percentage or a ratio.

For example, suppose Izere invested 100,000Frw in Popcorn in 2014 and sold his shares for a total of 120,000Frw one year later. To calculate his return on his investment, he would divide his profits (120,000Frw – 100,000Frw = 20,000Frw) by the investment cost (100,000Frw),

$$\text{ROI} = 20,000\text{Frw} / 100,000\text{Frw} = 0.02 \text{ or } 2\%.$$

ROI can help to answer questions like:

-What is profitability percentages on business performance?

-How efficiently the company will use their total assets base to generate sales

- **Break-even point**

*At which point your business, product will become financially viable?

Break-Even Point (BEP) is that point of sales volume at which total revenue is equal to total costs. It is a no-profit, no-loss point.

- **Payback period**

*At which period the business will cover cash invested on its asset?

Payback period is the time in which the initial cash outflow of an investment is expected to be recovered from the cash inflows generated by the investment. Payback period refers to the period of time required to recoup the funds used in an investment, or to reach the break-even point. For example, a 100,000Frw investment made at the start of year 1 which returned 50,000Frw at the end of year 1 and year 2 respectively would have a two-year payback period.

The formula to calculate payback period of a project depends on whether the cash flow per period from the project is even or uneven. In case they are even, the formula to calculate payback period is:

$$\text{Payback Period} = \text{Initial Investment} \div \text{Cash Inflow per Period}$$

When cash inflows are uneven, we need to calculate the cumulative net cash flow for each period and then use the following formula for payback period:

$$\text{Payback Period} = A + \frac{B}{C}$$

In the above formula,

- A is the last period with a negative cumulative cash flow;
- B is the absolute value of cumulative cash flow at the end of the period A;
- C is the total cash flow during the period after A

Rule: Accept the project only if it's payback period is less than the target payback period.

Examples:

Example 1: Even Cash Flows

The enterprise C is planning to undertake a project requiring initial investment of 105,000,000Frw. The project is expected to generate 25,000,000Frw per year for 7 years. Calculate the payback period of the project.

Solution

Payback Period = Initial Investment ÷ Annual Cash Flow = 105,000,000Frw ÷ 25,000,000Frw = 4.2 years

Example 2: Uneven Cash Flows

Enterprise C is planning to undertake another project requiring initial investment of 50,000,000Frw and is expected to generate 10,000,000 in 1st; 13,000,000Frw in 2nd, 16,000,000Frw in 3rd, 19,000,000Frw in 4th and 22,000,000Frw in 5th. Calculate the payback value of the project.

(Cash flows in millions)		Cumulative Cash Flow
Year	Cash Flow	
0	(50)	(50)
1	10	(40)
2	13	(27)
3(A)	16	(11) B
4	19 (C)	8
5	22	30

Payback Period= 3 + (|-11M| ÷ 19M)

= 3 + (11M ÷ 19M)

≈ 3 + 0.58≈ 3.58 years

• Projected sales plan

You should know the monthly sales of all products, product range or services. Estimating the sales your business will generate over the forecast period can be difficult. If you are starting a new business you can base your estimates on market research and industry benchmarks. For an established business, take into account previous sales data over the same time period. You will also need to consider the current market and other economic conditions.

• Loan payment plan

Loan payment plan is a plan for paying any outstanding debts. This is an agreement between a creditor and debtor that allows the debtor to pay off a debt with more manageable payment plan. Within a payment plan, the borrower agrees to pay back a certain amount of money each period (often each month) to repay the debt.

Learning Unit 3 - Establish strategies to monitor, evaluate and update the business plan (contingency plan).

LO 3.1 - Analyze risk in accordance with business environment

- **Meaning of Monitoring, Evaluation and Updating business plan**

Monitoring is the collection and analysis of information about a project or programme, undertaken while the project/programme is ongoing.

Evaluation is the periodic, retrospective assessment of an organization, project or programme that might be conducted internally or by external independent evaluators.

Advantage of monitoring and evaluation is to ensure that the organization is following the direction established during strategic planning.

***Updating business plan:** It's OK to deviate from the plan or update it. The plan is only a guideline, not a strict roadmap which must be followed.

Usually the organization ends up changing its direction somewhat as it proceeds through the coming years. Changes in the plan usually result from changes in the organization's external environment and/or client needs result in different organizational goals, changes in the availability of resources to carry out the original plan, etc.

Updating your business plan is essential to keep all your information up to date. It might need updating to show a change in physical location, alter your business goals, add a new business partner, or similar adjustments.

- **Important tools used in updating business plan**

*** CANVAS model:** Business Model Canvas is a strategic management and lean startup template for developing new or documenting existing business models. It is a visual chart with elements describing a firm's or product's value proposition, infrastructure, customers, and finances.

*** Marketing plan review:** is a thorough review of your marketing plan, objectives, strategies, and current activities being executed in your business. The objective is to see what's working and what isn't so you can identify areas for improvement.

• Importance of Monitoring and Evaluation

The following are some importance of monitoring and evaluation:

1. Provide constant feedback on the extent to which the projects are achieving their goals.
2. Identify potential problems at an early stage and propose possible solutions.
3. Monitor the accessibility of the project to all sectors of the target population.
4. Monitor the efficiency with which the different components of the project are being implemented and suggest improvements.
5. Evaluate the extent to which the project is able to achieve its general objectives.
6. Provide guidelines for the planning of future projects.
7. Influence sector assistance strategy. Relevant analysis from project and policy evaluation can highlight the outcomes of previous interventions, and the strengths and weaknesses of their implementation.
8. Improve project design.

• Steps involved in risk analysis.

Risk Analysis is a process that helps you identify and manage potential problems that could undermine key business initiatives or projects.

***Identify threats**

To carry out a Risk Analysis, you must first identify the possible threats that you face, and then estimate the likelihood that these threats will materialize. These threats are related:

- ✚ Financial: Business failure, stock market fluctuations, interest rate changes, or non-availability of funding.
- ✚ Technical: Advances in technology, or from technical failure.
- ✚ Political: Changes in tax, public opinion, government policy, or foreign influence.
- ✚ Natural: Weather, natural disasters, or disease.
- ✚ Structure: Dangerous chemicals, poor lighting, falling boxes, or any situation where staff, products, or technology can be harmed.
- ✚ Threats identification tools: Tools such as SWOT Analysis PESTEL Analysis can be used in risk analysis

***Estimate risks**

Once you've identified the threats you're facing, you need to calculate out both the likelihood of these threats being realized, and their possible impact.

Risk estimation tools:

- ✓ Risk impact chart
- ✓ Probability chart

The Risk Impact/Probability Chart provides a useful framework that helps you decide which risks need your attention. The Risk Impact/Probability Chart is based on the principle that a risk has two primary dimensions:

Probability – A risk is an event that "may" occur. The probability of it occurring can range anywhere from just above 0 percent to just below 100 percent. (Note: It can't be exactly 100 percent, because then it would be a certainty, not a risk. And it can't be exactly 0 percent, or it wouldn't be a risk.)

Impact – A risk, by its very nature, always has a negative impact. However, the size of the impact varies in terms of cost and impact on health, human life, or some other critical factor.

LO 3.2 - Assess identified risks in accordance with business plan developed

- Factors influencing risks assessment

SWOT analysis

SWOT stands for Strengths, Weaknesses, Opportunities, and Threats. This analysis can be useful in assessing business risks. By using this you can analyze the following:

- What factors are critical for the success of your plan?
- What risk does your plan should face?
- Analyze the source of the risk, the probability of it happening and the effects.
- What measures can you take to avoid these risks? After analyzing all risks you have to think about strategies to avoid those risks.

Define operational plan

PESTEL analysis:

What factors are critical for the success of your plan in relation with **Politics, Economy, social, Technological, Environment and Legal** What measures can you take to avoid these risks Define operational plan

LO 3.3 - Explain business contingency plan concepts

- Meaning of contingency plan

A **contingency plan** is a course of action designed to help an organization respond effectively to a significant future event or situation that may or may not happen. A contingency plan is sometimes referred to as “Plan B” because it can be also used as an alternative for action if expected results fail to materialize.

- Purpose of contingency plan

Contingency planning aims at preparing an organization to respond well to an emergency and its potential humanitarian impact.

The purpose of a contingency plan is to allow an organization to return to its daily operations as quickly as possible after an unforeseen event. The contingency plan protects resources, minimizes customer inconvenience and identifies key staff, assigning specific responsibilities in the context of the recovery.

- Importance of contingency plan

Planning is important for every aspect of life. It is crucial for a business because it can be great for preventing risks. In simple words, **contingency plans** are backup **plans** that businesses activate only when a disaster or unforeseen situation disrupts the operations of the company or put its employees at risk. The following are some importance of contingency plan:

1. contingency plans increase flexibility
2. contingency plans reduce panic and promotes action
3. contingency plans help in minimizing losses
4. contingency plans help for a quicker reaction
5. contingency plans help for eliminating last minute comprehension
6. contingency plans increase insurance and credit credibility
7. contingency plans keep your business running
8. contingency plans improve your organization's reputation

- Types of business contingency plan

They exact type of contingency plan you create should depend on the type of business and the location. It should be based on the risks that you predict to face? It's essentially based on "What if...?" scenarios. What if the market crashes? What if there is a labor shortage? What if the client does not pay? What if our system goes down unexpectedly? Etc. Therefore, you can create market contingency plan, labor contingency plan, financial contingency plan, etc.

LO 3.4 - Development contingency plan in accordance of assessed risk

- **Steps involved in contingency plan**

- Identifying requirements related to specific contingency plan
- Cost Calculation of requirements identified
- Appreciation of company capacity to cover risks identified
- Decide choice to undertake such as:
 - *Adaptation
 - *Complementarity
 - *Abandon

- **Specific strategies to make the contingency plan operational**

- Describe the risk statement**

A risk statement summarizes a potential problem that needs to be addressed.

The statement communicates the potential adverse event or condition and its consequences on program objectives should the risk be realized.

Determine what main risks are likely to encounter your business. Ideally, there is a need to figure out what types of disasters are most likely to affect your business depending on its type and location and plan accordingly.

-Preparation of an evacuation plan: Personnel need to know when to evacuate, what they should do when they're notified of an evacuation, what routes are available out of the building(s), and should also know who is responsible for checking to see whether everyone is out safely

- Create a communications fan-out system: There is a need to ensure that if something happened at your business, there is a person responsible for notifying each person who works there.

- Be sure that your on-site emergency kits are complete and up-to-date

- Ensure your business carries adequate insurance

- Check out local programs and resources: Your city or town or village may have contingency plans/disaster response plans in place or provide resources that will make it easier for you to put your own plan together. For instance, MIDMAR offers information about emergency preparedness

- Keep your business contingency plan handy: The entrepreneur has to keep his/her disaster plan in an easily accessible place and make sure everyone who needs to know where it is knows its location.

-Use Your Business Social Media: Your business website and social media platforms like Facebook, Telegram, WhatsApp and Twitter are excellent ways to communicate with customers and business associates in the case of an emergency.

L.U.4: PRESENT A BUSINESS PLAN

L.O.4.1: Explain different ways to present the business plan

Business plan presentations are designed to tell your idea to investors through a concise and engaging overview of what your business does, how it fills a consumer need and what you are looking for in terms of an investment.

• Purpose of business plan presentation

- Financing support: Having a business plan gives you a much better chance of getting the money you need to keep operating or to expand. You're going to need both operating and start-up capital to start a new business and you have no hope of getting any money from established financial institutions such as banks without a well-developed business plan. One of the first things private investors, banks or other lenders look for before investing in your business is a well-researched business plan. Investors want to know how you operate your business, what your revenue and expense projections are and, most importantly, how they will receive a return on their investment.
- Strategic orientation:
- Attracting investor: One of the first things private investors, banks or other lenders look for before investing in your business is a well-researched business plan. Investors want to know how you operate your business, what your revenue and expense projections are and, most importantly, how they will receive a return on their investment.

• Types of preparation required

- Content preparation: Organize what you are going to tell your audience
- Material preparation: Organize materials that will be used such as computer, projector, etc.
- Psychological preparation: Organize yourself. The more organized you are, the more professional you will appear

• Steps involved in preparation of business plan presentation

- ✓ Analyze your audience

- ✓ Select a topic
- ✓ Define the objective of the presentation of business plan.
- ✓ Prepare the body of the business plan to be presented and anticipate the questions from audience
- ✓ Prepare the suggestions and conclusion.
- ✓ Practice delivering the presentation of business plan

- **Presentation content**

The key topics to cover in business plan presentation include:

- Business idea and goals. Briefly Explain an overview of the business project, what product or service is being sold and what the entrepreneur's goals are. It also indicates where the business expects to be in a year's time and later.
- Problem: Briefly state the problem, opportunity or gap to be filled
- Solution: Explain how the firm will solve the problem and how it will satisfy the need or fill the gap.
- Market: Briefly explain who are your customers.
- Marketing strategy: Briefly explain strategies that will be used in your marketing activities.
- Industry analysis: The industry the firm will be competing in, the segment of the industry the firm will target, and how it will be positioned within its target market.
- Management Team: Each manager's competencies, qualifications, skills and how they strengthen the firm.
- Competition: The firm's competitive advantage and how it will compete against more established competitors.
- Intellectual Property: Explain the intellectual property the firm owns or will own pending approval.
- Current status, amount of money requested and the projected use of funds: Discuss the current status of the firm, its accomplishments to date, the amount of money required, amount of money acquired, projected use of funds etc.

Learning Outcome 4.2: Explain different ways to present the business plan

- **the business plan shall be presented to the following:**

- shareholder:** shareholder is any person, institution or company that has ownership of at least one share of a company's stocks. Importance of business plan to shareholders include:
 - To create a new business

-To better understand your competition.

-To better understand your customer.

-To determine your financial needs.

-To help you research and really know your market.

-To judge the success of your business.

-stakeholder: stakeholder is a party that has an interest in a company and can either affect or be affected by the business. The primary stakeholders in a typical corporation are its investors, employees, customers, and suppliers.

• Procedures involved in business plan presentation

- Connect with your audience:

- Business like: be serious and purposeful.

- Use simple language: Use words that are easy to be understood. Your message needs to be clear and concise

- Presentation touch at a personal level: Use pointer words. For example: "I will discuss three of the financial statements that are most important to investors.

- **Paint a picture in your audience' minds**

- Pick out great images and visual: Use interesting Images and visual aids that are related to your presentation.

- Lasting impression: Leave the audience with something they will remember about your presentation.

Use statistics and data:

- Charts

- Graph

Graphs and charts are a great way to convey complex information. Integration of charts in your presentation can be quite powerful in convincing an audience of a particular point.

Advantages of using graphs and charts in presentation

- show each data category in a frequency distribution
 - display relative numbers or proportions of multiple categories
 - summarize a large data set in visual form
 - permit a visual check of the accuracy and reasonableness of calculations
- be easily understood due to widespread use in business and the media

L.O. 4.3: Present a business plan

- **Techniques to present your business plan**

- ✓ Only write key points
- ✓ Don't read them, speak about them
- ✓ Use visualization, pictures, symbols, colors, tables
- ✓ Short, concise, come to the point, not more than 10 min.
- ✓ React positive to questions
- ✓ Use body language, voice, appearance
- ✓ Try to convince

- **Integrating comments, suggestions and remarks in the business plan**

Feedback, comments, suggestions and remarks from customer, employees and other stakeholders should be an integral part of your business plan development. Integrating comments in your plan is very important. For example, when you integrate employees comments in your plan, they will clearly understand your organization's strategy and goals. They will also become more productive. Because they helped develop your strategy and goals, they will be more motivated to help you achieve them. Integration of comments from customers can also help you in planning. Their comments inspire your business to create better products and provide improved customer service, while supporting a marketing channel for obtaining new customers and maintaining trust and brand loyalty. It should fuel your whole operation.

- **Planning to maintain and enforce relationship with stakeholders (audience) for further collaboration**

Building positive stakeholder relationships will help your project reach positive outcomes and people will be more accepting of your decisions. Fail to create effective stakeholder management and your project may end up costing your thousands, millions or even billions of dollars more.

Tactics to Maintain Positive Stakeholder Relationships

Group your stakeholders

Grouping your stakeholders according to their level of decision-making will make it easier to develop a tailored approach to engaging each group.

Clearly, communicate your project scope

Tell your stakeholders the process you will use to communicate information to them right from the start. Also, clearly explain how you will engage with them in decisions. People are more willing to listen when you tell them their influence over the final outcome, the decision-making process, what is negotiable and what is not.

Gain your stakeholders trust right from the start

Stakeholder relationship management includes communicating with people early and often so they fully understand the benefits of your project. Having an understanding of a situation means people are more likely to support you when necessary. It also means even if stakeholders don't agree with the final decision, they have the benefit of understanding the process, history and the trade-offs made. Therefore, they will be less likely to aggressively object at the final stage.

Stay consistent with your messaging

Confusing your stakeholders is incredibly dangerous. Inconsistent messaging can lead to public outrage, loss in trust, and a negative reputation. Your stakeholders value consistent messaging and want to know they can rely on you for the most current and up-to-date information.

Keep surprises to a minimum

Some of us love surprises but placing your stakeholders off-guard can result in a huge mistake and can cost you from building positive stakeholder relationships. Most stakeholders like to be given an early view of risks and issues. However, this doesn't mean you need to present every issue as it occurs. Go into the meeting solutions-based rather than problem-focused. Create various options to resolve the issue and then ask stakeholders to add their input to create an informed decision about the next step.

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