

Preparing A Business Plan

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Meaning of a Business Plan:

A business plan is a written document which an entrepreneur intends to take up, identifies business goals and services as the resume of the business.

Definition Of A Business Plan:

Business planning is the process whereby a company makes the following decisions:

- *What products or services it will deliver?*
- *Where it will compete?*
- *Why the customer should do the business with the company?*
- *How it will organize and reengineer itself to accomplish its goals?*

Main Purpose of Preparing Business Plan

Maintaining Focus:

1. *Finance*
2. *Ambitions*
3. *Executives*

Importance of Business Plan:

- 1) *Road Map*
- 2) *Confidence in Management*
- 3) *Helps in proper planning*
- 4) *Action plan*
- 5) *Helps in establishing realistic goals*
- 6) *Business plan acts as a blue print*
- 7) *Anticipates and predicts challenges*
- 8) *Better plan helps to analyze alternatives*
- 9) *Overcoming the conflicts.*

Features Of A Good Business Plan:

- 1. A business plan should be realistic.*
- 2. A business plan should accurate.*
- 3. It should highlight key areas.*

Steps in a business plan:

1. organizing
the planning
process

2.
Diagnosing
the situation

3. Setting
the goals

4.
Developing
operating
plans

5.
Developing
a financial
plan

6. Writing
the
business
plan
document

Aspects of a business plan

*Financial
aspect*

*Marketi
ng
aspect*

*Social
aspect*

HR
aspect

Technica
l aspect

Financial aspect of business plan

- Aim of financing
- Sources of financing
- Allocation of funds
- Financial statements
 - a) Projected income statements.
 - b) Projected balanced sheet.
 - c) Projected cash flow statement
 - d) Break even analysis
 - e) Ratio analysis.

Marketing aspect of a business plan

- Target market.
- Distribution strategy.
- Introducing the product.
- Pricing
- Promotional stage.

Human resource aspect of a business plan

- **key personnel resources:**
 - ❖ *organizational chart with the names and titles of the key executives.*
 - ❖ *brief details of this executives with their previous experiences, educational qualification.*
 - ❖ *detailed resume of each executive.*
 - ❖ *contribution of each individual to the company, the duties and responsibilities*
 - ❖ *Specify their initial salary, incentives, fringe benefits, and other benefits provided.*
 - ❖ *What key position remains unfilled?*
 - ❖ *bring out plans to retain and attract the efficient existing employees.*
 - ❖ *list of top level executives.*

• *Human resource management strategy:*

- ❖ If a firm is service oriented it requires specific skills.
- ❖ If the firm is production unit it requires people with technical as well as capabilities.
- ❖ The business plan should cover the profit sharing and employee's share profits if any.
- ❖ The business plan should project on HRD and give details training and development programs.
- ❖ The business plan should also furnish about the promotion, transfer, performance appraisal, the audit etc.
- ❖ The business plan should also mention about the number of employees presently and the future requirements

Technical aspect of business plan

The technical aspect of business plan is an important element and it is necessary when manufacturing concern, retail or service industry.

The few important technical aspects are:

- a) Describe the technical feasibility of the product
- b) The business plan should specify the quantity to be provided, specification of the product
- c) Describes the physical plant layout and design required and the method of acquired materials.
- d) Measured adopted to dispose of waste, various methods of disposal of waste.
- e) Details of pollution control measures,
- f) It should also choose an appropriate technology based on its affordability, easy maintainability and functionality
- g) Areas where the latest technologies are implemented like HR, finance, marketing management, order tracking, production, internal communication etc.

Social aspects of business plan

The various social responsibility of an entrepreneur are:-

- *To produce quality goods or services.*
- *To provide truthful data*
- *To maintain the safety of the product user.*
- *To restrict adulteration of products.*
- *To provide educational facility.*

Summary: contents of a business plan

- *Executive summary*
- *General company description*
- *Product or service description*
- *Management and organization*
- *Marketing plan*
- *Financial plan*
- *Industry analysis*
- *Competitive analysis*