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STUDY OF SAMPLE BUSINESS PLANS

ASPIRE FOR EXCELLENCE FOUNDATION

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## What is a Business Plan?

- A business plan is a scheme for accomplishing a business purpose. It articulates the business objectives as well as the strategies for achieving them.
- A detailed document which articulates a company's objectives, the strategies for accomplishing these objectives and weighs the risks and the expected returns of the endeavor.

# WHY DO WE NEED A BUSINESS PLAN?

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## Reasons why we need a business plan

- You need to plan your business. Trying to run your business without planning is like walking in the streets blindfolded. You will not know where you are going, any more than where you have been or where you are. What is worse, sooner or later you will hit something, someone and get badly hurt.
- All businesses need a plan to define where they are going and how they are going to get there.



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## Business Plan - Uses

- Define a new business
- Define objectives and strategies to achieve those objectives
- For periodic review of an ongoing business
- Support fund raising application (loan and equity)
- For buy-in by stakeholders
- Set a sale value for a business
- Justify a new product line, promotion or expansion
- For managing a business

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## Business Plan - Benefits

- The business plan quantifies goals and objectives, which provide measurable benchmarks for comparing forecasts with actual results.
- Serves as a communication tool for outside financing as well as an operational tool for guiding the business towards success
- The time, effort, research and discipline needed to develop a business plan forces the entrepreneur to view the venture critically and objectively.

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## KEY COMPONENTS OF A MARKETABLE BUSINESS PLAN

- Executive summary
- Company summary
- Industry analysis
- Marketing strategy
- Operations strategy
- Management Summary
- Capital requirements
- Financial plan
- Potential risks
- Long-term plans and exit strategy
- Implementation strategy
- Appendix

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## DESCRIPTION OF KEY ELEMENTS OF A BUSINESS PLAN

- Executive summary: Provides summary of the business plan; highlights the business concept, mission, vision, strategy and financial plan of the company
- Company summary: provides overview of business concept and rationale for venturing
- Industry analysis: describes the evolution of the market, its competitive landscape and recent trends
- Marketing strategy: describes the products/services, target customers, pricing, promotion, advertising and distribution strategy
- Management summary: describes the company's organizational structure, its personnel plan and provides a description of its management team and advantage they bring to the company.
- Operations strategy: provides insights into the structure, systems and procedures for executing the company's strategy.



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## KEY ELEMENTS OF THE PLAN – contd.

- Capital requirements: enumerates the start-up costs required by the company and the sources of funding targeted by the management team
- Financial plan: Balance sheet, income and cash flow projections for first three years to five years of operations.
- Potential risks: Highlights the potential risks facing the organization and the mitigating options as well as effect on projected financing and returns.
- Implementation strategy: outlines schedule of business rollout, performance measures and milestones.
- Appendix: CVs of management team, list of products/services, additional financials, SWOT etc.

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## BUSINESS CONCEPTS

- A concept is a set of cohesive ideas about how to create and deliver value to a market.
- It is a set of thoughts that communicate to others the precise nature of your proposed enterprise.
- In writing a business concept, prospective entrepreneurs should be able to explain the following in precise terms with their own thoughts:
  - What value is to be exchanged?
  - To whom?
  - For whom?
  - By what means?
  - Where?
  - Made by whom?
  - Marketed by whom?

A dream is not a concept neither is an idea.

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## STRATEGIC PLANS

- A strategy is a set of actions that create value and enable a company to achieve its objectives
- This is typically when companies:
  - Create products/services whose value exceeds the cost of providing them
  - Capture value from competitors, customers, distributors, suppliers and producers of substitute products and services

Successful companies typically develop explicit strategies along the following areas:

- Product/service
- Marketing
- Operations and etc.

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## Typical Business Plan Outline



- Executive Summary:
  - Background to the opportunity
  - The business concept
    - Vision
    - Mission
    - Shared values
    - Core competencies
    - The business model
    - Target market
- Business Strategy
  - The opportunity
  - The business model
  - Target market
  - Marketing strategy
  - Pricing strategy
  - Distribution strategy
  - Strategic alliances
  - People strategy
  - Advertisement strategy



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## Business plan outline - contd



- Proposed products and target customers
  - The opportunity
  - Target customers
  - The products
  - Production process
  - Service delivery process
  - Critical skills and competencies
- Marketing strategy
- Market penetration strategy
  - Market penetration strategy
  - Key marketing functions and skill requirements
- Legal structure
- Strategic alliances
- Other key relationships

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## Typical Business Plan Outline



- The organization
  - Organization structure
  - The board of directors
  - The executive committee
  - Types and personnel requirements
  - Methodology and criteria for personnel recruitment and development
  - Key management and staff (including bios if available)
- Industry and competition
  - Background
  - Regulatory and policy framework
  - International trends
  - Size of market and growth trends
  - Nature of competition
  - Opportunity and constraints
- Financial projections
  - Key assumptions
  - Detailed financial projections (3-5 years)
- Investment considerations:
  - SWOT analysis
  - Key risks and mitigating factors
- Proposed investment and investment returns analysis
  - Investment structure
  - Timing and conditions precedent
  - Valuation
  - IRR Analysis
- Implementation plan
  - Overview
  - Detailed plan
- Conclusion and recommendations

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## USEFUL WEBSITE ADDRESSES

- [www.smallbusinessadvice.org.uk/busplan](http://www.smallbusinessadvice.org.uk/busplan)
- [www.bplans.com](http://www.bplans.com)
- [www.businessplans.org](http://www.businessplans.org)
- <http://www.sba.gov/starting/indexbusplans.html>
- <https://www.a4efoundation.org>
- <http://www.fatefoundation.org/public/resources/resources.html>

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## Conclusion

- A good business plan saves you money and time by focusing your activities, your marketing strategies, and business and objectives.
- It's hard to take a business seriously when there is little or nothing in writing about its history, its current organization and management, its future direction, or position in the marketplace. This is why a business plan may be the most important business document that you will ever prepare.