

What is a business plan and what issues must a business plan address

Introduction

A business plan is a document that summarizes the operational and financial objectives of a business and contains the detailed plans and budgets showing how the goals, objectives, mission and vision of a company are to be realized and to persuade others to help attain our vision. The business plan should set out the future strategy and financial development of **your business**, usually covering a period of five years. With the help of the business plan, **your company** should be able to look ahead, plan, allocate resources, focus on key points and prepare for problems, threats and opportunities. The business plan heralds **the company** and announces who you are and what our purpose is. It has to convince others that **the company's** business concept can be successful and you possess the requisite skill or need a little help to make **your business** a success.

Executive Summary

The executive summary sums up the contents of the entire business plan and briefly explains what **the business** is, your vision, mission and how you plan to achieve these. The executive summary touches on **company's** market and the investment required for the business venture, our competitive advantage and how it could be sustained. The executive summary is a very important section of the business plan because it gives the reader a general overview of **the business**. It is at this stage where the reader would be persuaded and convinced to read into details what **the company** is really about or would lose interest in **the business**. The executive summary has to be clear, interesting and exciting enough to engage the reader, driving him/her to enquire for more information about **the company** and therefore read the other sections of the business plan. Although this section of the business plan appears first, it is created last. This is because it sums up all the key details in the remaining sections of the business plan into a summary.

Company Description

The company's name comes under this section. **The business** only becomes a legally registered entity when it is registered at the registrar generals department. This section of the business plan must include the name, key objectives, products and services, location of (registered) offices, bankers, accountants and auditors of **the company**. In addition, the company description must also tackle patents, licenses and other intellectual property and supporting documents with registration, photos or diagrams of the product/service. The location and address of **the business** is very important in the business plan because of the need to describe the projected location, projected costs associated with the location (land acquisition and rent), and legal agreements and utilities forecasts. Moreover, all these need to be backed by supporting documents. The owners and directors of the company must be listed with their individual strengths in the company description. The team who would be running the business (management), a description of their responsibilities, abilities and strengths have to be outlined in this section; with their resumes in supporting documents. The number of employees that **the business** would have in various positions needs to be outlined in this section of the business plan. It is important to describe their various qualifications and how many hours they would be working and at what wage. In addition, the projected future needs of **the business** for adding employees in any event of expansion also needs to be included. Furthermore, the company description must also address a description of unfulfilled need that will be

satisfied (or of the future market that will be created) when **the business** begins operations; our product/service concept, including estimated size of market targeted by **the business**; an overview of how **The business** will create and deliver value (e.g., features, benefits, technologies, current stage of development, proprietary position, distribution channels); and a brief rundown of the key obstacles to success (and how we will address them).

The Business Model/Concept

The business model must describe the rationale of how **the business** would create, deliver and capture value. The business model must include: a brief explanation of the unfulfilled need that will be satisfied, (that is, what problem **the business** is solving and for whom?), a brief description of the product/service concept (that is, how will **the business** solve the problem and what the value proposition is?) and a brief description of the business and revenue models (that is, how **the business** would create and capture value, offer service/product differently from existing models?). The business model must identify **the business's** market potential within the cinema industry and outlines our action plan. The business model contains an assessment of business risks and a contingency plan. **The business** needs to identify who her customers are, what problems they have, how we would solve their problems, how we would solve our customers' problems better than anyone else and how we would be making our money. Before **the business** becomes a reality, we need to have in mind, the kinds of people we would serve and what their various needs are so we can effectively and efficiently meet those needs. This would help **the business** focus and develop tailor made products and services for each category of customers that we choose to serve. The business model must include the nine building blocks/elements indicated below:

- **Customer Segments** - the different groups of people or organizations that **the business** aims to reach and serve.
- **Value Propositions** - the bundle of products and services that create value for a specific customer segment.
- **Channels** - how a company communicates with and reaches its customer segments to deliver a Value Proposition.
- **Customer Relationships** - the types of relationships a company establishes with specific customer segments.
- **Revenue Streams** – represents the cash a company generates from each customer segment (costs must be subtracted from revenues to create earnings).
- **Key Resources** - the most important assets required to make a business model work.
- **Key Activities** - the most important things a company must do to make its business model work.
- **Key Partnerships** - the network of suppliers and partners that make the business model work.

- **Cost Structure** - all costs incurred to operate a business model.

The business model is important to **the company** because it comprises of our vision and gives us the opportunity to explain the value our products and services will bring to customers, why we are especially qualified to offer those services and a description of our product/service offering's uniqueness and growth potential.

Mission/Value Statement

The business's mission statement is a clear and concise representation of the company's purpose for existence. It incorporates socially meaningful and measurable criteria addressing concepts such as the moral and ethical position of **the business**, public image, the target market, products/services, the geographic domain and expectations of growth and profitability. The statement can range from a very simple to a very complex set of ideas. This gives **the business** an opportunity to define its business at the most basic level. The mission/value statement informs people about our company story and ideals. It includes details such as who we are, what our company is, what we do, what we stand for and why we do it. The mission/value statement is about **the business**, the company and our standards.

Industry/Sector Analysis

The business plan must address the context within which **the business** operates. It is necessary to define **the business's** context to enable us plan a sustainable competitive strategy to help us gain a formidable competitive advantage in the cinema industry. The size and growth of Ghana's cinema industry is very much relevant to the business. This is because, it would help us determine the level of competition in the industry we are about to enter into. The industry/sector analysis also helps in the identification of the sectors which are included in the industry, the major player in this industry, the markets and customers for the cinema industry, what national, economic, political and legal trends might affect the business's industry of operation. The industry analysis would help you identify the factors that makes **the business** unique and set it apart from competitors. You would have to identify the market share of **the business's** various competitors and target markets. You would have to demonstrate to anyone who reads the business plan that you understand and have anticipated the important factors of the industry the business seeks to operate in. This would help build a case for **your company's** success.

Products/Services

The business's reason d'être is to provide customers with a new movie experience: we give people an experience that transforms their cars into living rooms. They can cry, scream, laugh and make all the gestures they. We allow movie goers to express themselves. Thus, this is where we would outline our various product and service offerings. Should there be any property rights or patents on your products, this is where it would extensively be covered.

Target Market

Your target market refers to the kind of people you would be serving with your product and service line. It is very essential for **your business** to identify its target market with demographics and psychographics so that we can identify and study their needs and wants in order to effectively and efficiently satisfy them. This would help **your business** plan to serve a reachable market because assuming everyone would patronize our business could result in wrong decisions, wrong pricing, wrong marketing strategy and ultimately, business failure. We need to have in mind, the lifestyles of our customers in our target market so our products and services would match their lifestyles perfectly.

The Competition

As a business entity, it is very important for us to identify who our competitors are and also develop our SWOT and PEST analysis to compare ourselves with our competition. Through these, we would be able to identify our market share and make it grow. **Your business** needs to find what its competitors are failing to do so she can do it and what they are doing so she can do it much better. Through the analysis of **the business's** competition, you could anticipate future competition and adequately plan towards it.

Markets and Marketing

Identification of **your business's** market and customer trends is very important and this is done through market research. However, marketing is not just about advertising the company through any medium available but rather through the most effective and efficient medium relative to **your company's** business. Other businesses might have succeeded using a particular marketing strategy, but this cannot be the same for **your business**. You therefore have to develop a marketing strategy which would be best for **your business**.

Sales Forecast

Through your market research and analysis, you will collect data concerning the average level of sales in each season. This data should be developed into a sales forecast to help you project your income through the quantity of products you would be selling daily and the number of services you would be rendering daily.

Operations

This would include the processes through which **the business** would be producing goods and services. You therefore need to map out the various flow of activity your job premises. **The business** also needs to be highly responsive in terms of customer service and give customers value for their time and money. Thus, you would need to keep accurate records of stock and ensure proper inventory control. Consequently, there is the need to plan for the types of equipment required, their cost, how they would be acquired as well as utility requirements. You would have to plan for our space requirement and make provision for expansion.

Management and Organisation

There is the need to establish a recognised line of authority which runs throughout **your business**. Your structure and management style should be one that makes each employee feel special and stimulate teamwork. This section of the business plan must address the backgrounds of key individuals who would be part of **your business's** management, discuss their ability to execute our strategy (point out their track record of successfully executing strategies for other companies), summaries of staffing requirements and an organizational chart.

Key Concerns/Business Risk Analysis

With risk analysis, you would have to determine the reaction of competitors, changes in government regulation that would have an impact on **the business**, new competitors, strike action, theft or changes in market trends. Analysis of all the potential risk factors and how to deal with them to mitigate their impact would certainly help stabilize **Your company's** business if the "unthinkable" happens.

Financial Forecast/Model

This section of the business plan must include how **the business** would be generating funds to deal with operational expenses and costs that would be incurred in the course of business. It outlines the present level of finance and the level of financing sought from various sources. This is the section where we project our revenue and expenses and our cash inflow and cash outflow over a period of time. This would enable us have a fair idea of what to expect in terms of finances and whether **the business** would be a profitable business or not and whether investors would buy into our idea. Consequently, you would be able to determine our capital requirements through our finance forecast. Thus, in addition to **your business's** funding you must indicate when funds would be needed, what and how they would be used for. A return on investment (ROI) must be included which would be, contrasted with medium- to long-term returns on assets with similar risk profile, proposed structure of financial deals and possible exit strategies.

Key Milestones and Events

A realistic schedule of events must be presented with their anticipated timing and interrelationships between the major events necessary to launch and grow **your business**. You must identify and discuss critical events and their impact on our plan as well as outline a contingency plan for **your business**.

By Mame Adwoa Serwah Adjei Saifah

*For further enquiries, kindly contact the **SME Relief** Office.*