

**Course Title: Entrepreneurship**

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**Question 1:**

**Business Plan is written, highlighting contents**

**Answer:**

A business plan is also a road map that provides directions so a business can plan its future and helps it avoid bumps in the road. The time you spend making your business plan thorough and accurate, and keeping it up-to-date, is an investment that pays big dividends in the long term. Your business plan should conform to generally accepted guidelines regarding form and content. Each section should include specific elements and address relevant questions that the people who read your plan will most likely ask. Generally, a business plan has the following components:

**Title Page and Contents**

A business plan should be presented in a binder with a cover listing the name of the business, the name(s) of the principal(s), address, phone number, e-mail and website addresses, and the date. You don't have to spend a lot of money on a fancy binder or cover. Your readers want a plan that looks professional, is easy to read and is well-put-together. Include the same information on the title page. If you have a logo, you can use it, too. A table of contents follows the executive summary or statement of purpose, so that readers can quickly find the information or financial data they need.

**Contacts:**

**Company name, address and phone number**

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All the team members are young, energetic and educationally sound. They are from different location with their own culture environmental and religious backgrounds which will enhance our team work.

### **Executive Summary**

About two to three pages in length summarizing the complete business plan.

- ✓ Environmental and Industry Analysis
  - The environmental analysis assesses external uncontrollable variables that may impact the business plan.

Examples: Economy, culture, technology, legal concerns, etc.

- The industry analysis involves reviewing industry trends and competitive strategies.

Examples: Industry demand, competition, etc.

- ✓ The business plan must reflect:
  - The strengths of management and personnel.
  - The product/service.
  - Available resources.
- ✓ Lenders are interested in the venture's ability to pay back the debt.
  - Focus on the four Cs of credit - Character, cash flow, collateral, and equity contribution.
- ✓ Banks want an objective analysis of the business opportunity and the risks.
- ✓ The entrepreneur is expected to "sell" the business concept.
  - Focus on why this is a good opportunity.
  - Provide an overview of the marketing program; sales and profits.
  - Address risks and how to overcome them.

- ✓ Audience includes potential investors who may raise questions.
- ✓ Investors describe these presentations as elevator pitches.
- ✓ The entrepreneur has to prepare a budget of all possible expenditures and revenue sources, including sales and any external available funds.
- ✓ The budget includes capital expenditures, direct operating expenses, and cash expenditures for no expense items.

Industry benchmarks can be used in preparing the final pro forma statements in the financial plan.

## **Question 2:**

### **Answer: BUSINESS PLAN FOR SOLAR ENERGY SYSTEM INSTALLATIONS**

#### **Background**

Clean energy is the need of today's world. The world is suffering from the energy crisis and the existing source of energy is too expensive. Fossil fuels are at its end stage and these fuels creating environmental problems like global warming, climate change, etc. The whole world is moving towards renewable energy sources which is cheaper and effective source of energy and solar power has stood in front as the solution to it. New technology has been developed to trap the alternative sources of energy of which solar PV technology is being mostly used worldwide to solve the present solution. The increase in the load shedding in the context of our country Pakistan is a major problem at present. There is uncertain to solve this problem until we depend on the existing source i.e. hydroelectricity. So the time has arisen to go for alternative like solar power. Most of the works in the government as well as private offices, banks, hospitals, hotels, etc. are stopped due to this growing load shedding. There is a need of backup systems for them. At the household level, people are bound to stay in the darkness, apart from news, television, radio, water pumping problem in the valley and so on.

In the next 10 years there is no chance of getting rid of load shedding in Pakistan. Similarly, most of the western part and hilly region of Pakistan is not linked to the electricity grid. People living in those part are under hardship life. Some sectors like vaccines refrigeration, hospitals instruments and equipment's etc. essentially require electricity power for their operation. The people are afraid of investing in Pakistan in the industrial and manufacturing sector due to insecurity, political instability, and energy problems. They want quick return of their investment. Investment in the hydropower, factories, projects, etc. is a long term return. Realizing all of these problem, establishment of more Solar Companies is essential in Pakistan. The market is growing up as well. At present Solar business in Pakistan is like a hot cake. More number of solar companies providing efficient solar PV system is to be established to solve the present problems. So with these objective, this venture is proposed.

#### **Introduction**

Solar Energy Company Pvt. Ltd. is a form of organization which deals with the installation and operation of various systems to solve the problems of energy crisis in the present situation. It provides back up system in the present load shedding problems with minimum investment and long run benefit. It is situated at Peshawar- Pakistan. The company will start its business from installation of solar home system and expand its business to total solar solution in future.

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**A. Solar Energy Company's Business, Services and solutions**

Solar Energy Company Private Limited presents the market with reliable, cheap and convenient solar solutions for the people suffering from load shedding problems. Our company deals with all parts of solar components and we basically serve solar facilities from survey to installation. SEC focuses on present load shedding crisis and promotion of green energy in our country. Our service will work out on installation and maintenance of solar energy mainly on urban area. Promoting renewable energy our company will limit the uses of nonrenewable energy which will be environmental friendly.

**B. Solar Energy Company's Market**

Initially SEC has targeted the Karak, Peshawar Valley residents as primary customers. Offices and apartments are also among our customers. Karak, Peshawar valley uses most of the electrical energy in Pakistan. Due to load shedding problem, people are rundown from their social and professional life. This problem will be solved by our product and services. Our targeted customers have knowledge about solar energy and its benefits.

Besides Karak, Peshawar valley, we intended to expand our services outside the valley in near future.

### **C. Competition and marketing Strategy**

There are around 30 companies which are directly and indirectly related to our business. Among them 15 companies focus toward rural areas and associated with government, so they are not head to head competitors. The remaining are companies which focuses on large organization and residents in the urban. Since our company will be in large scale, we will adopt cost leadership marketing strategy. To promote our company different media like Advertisement media, newspapers, Business magazines and Internet will be used. Besides we'll be focusing on increasing the publicity of our business through activities like: sponsoring in public Medias, organizing campaign, supporting green energy program. Our company will provide flexible service to our customers in financial context by providing installment facilities. Since our company will provide small to large scale solar power installation, it will attract more customers with different potential.

### **D. Financial forecast**

SEC company requires capital of pkRs. 250000 for the startup of its business. The amount includes administration, overhead, marketing costs and also meet short term working capital needs. The capital will be generated by equity of each of partners. The breakeven point is obtained at 177 units for the starting year.

## **II. VISION AND MISSION STATEMENTS**

### **A. Vision statement**

*'To change Pakistan into a nation where solar energy provides power to everyday needs.'*

### **B. Mission statement**

The mission of Solar Energy Company Private Limited is to increase the quality of life of people of urban areas by eliminating the problems created by load shedding. For this, SEC provides high tech, high quality green energy alternative to home or office use.

### **Ç. Values and Principles on which business stands**

- Load shedding should not be a problem to any person.
- Solar energy is a precious gift and we should take maximum benefit from it.

### **Company Goals and Objectives**

Our goal is to become the number one company in solar electricity business.

### **Objectives:**

- To reach a target of installing 80 solar panels within the first 5 months.
- To spread our service out of valley within second year.

### **Key success factors in the industry**

- **Load shedding:** It has become a huge burden on the life style of urban people. People need other sources of energy to do their jobs as well as for recreation. Also, load shedding problem is forecasted to continue and grow till the next 10 years. So sooner or later, people will search for alternative sources.

- **Renewable source of energy:** Solar energy is renewable source of energy and due to this reason customers are not burdened by any running cost. Once they install the system, they get energy for their lifetime without having to pay any penny.
- **Pollution free energy:** Photovoltaic (PV) modules (Solar Panels) gives free and environment friendly electric power whenever we want it. PV modules generate electricity directly from sunlight and their operation is completely noise and pollution free. Because they have no moving parts to wear and tear, they will provide reliable power for decades.

**Outlook for the future:** Presently in many developed countries, there are laws which enable people to sell excessive electricity generated from solar home systems to their regional electricity company. Similarly, such types of laws are being discussed to be applied in Pakistan. This process might be completed in the coming few years. So after few years, demand for our products will increase rapidly.

## **BUSINESS STRATEGY**

- A. Desired Image and Position in the Market:** we would like to stand out in the solar market through our service and product reliability. We want to be the customer's first choice by creating positive public image through different media. We want to create an image of a company which provides green energy at cheap and easy installment facility.

### **Strength**

- Good quality of service
- Strong public relationship
- Highly skilled manpower
- Understanding and Unity among the partners
- Strong relation with the manufacturers

### **Weakness**

- Inexperience
- Inadequate information about customer's needs

### **Opportunities**

- Load shedding
- Target customer are unsatisfied with current available services
- Promotion of renewable energy from government level
- Subsidies and tax credit on the solar products

### **Threats**

- Political instability
- Existing competitors

## **Company product and services**

### **A. Description**

**1. Product or Service features:** Complete solar home system customized to customers' demands. For this category of products, we will first survey the site and then calculate the required power and its cost. The requirement of different customers may vary. It will include the following components:

- **Photovoltaic cells (PV):** it is the source of energy, it will convert solar energy into electrical energy. We will provide PV cells from Shell-Solar, the largest manufacturer of solar panels in the world. The rating of such panels will vary from 20watts-peak to 200watts-peak.

•**Charge controller:** it will be used to control overcharge and over discharge of battery which will increase battery life.

•**Heat shrink:** helps to overcome overheat of problem of battery

•**Battery isolator:** it will help to run system directly from solar panel after battery is fully charged.

•**Cable**

•**Battery:** it is deep cyclic sealed lead acid battery from Volta, Volta which is also deep cycle tubular solar battery. Installment of solar panels only (for customers) from our survey, we have found that about five percent of total population in valley has been using inverters. Customer with this category would need solar panel only. Hence we will install particular solar panel that will match with their system.

## 2. Customer benefits

✓ First of all the customers are facilitated by services that are customized regarding their needs and perspectives.

✓ Installment facility will make them comfortable with financial context.

## 3. Warranties and Guarantees

For the first two years following your PV system installation, solar energy provides you a full installation warranty. During the period, Solar Energy will provide regular site visits for cleaning and maintenance of the system, and also field any other support issues. The company shall provide its customers with guaranties and warranties for every component. Failure of any guaranteed component will be repaired or replaced immediately on request (any physical hampers will not be repaired).

## 4. Uniqueness

Customized system with respect to customers' perspective is first key point of our company which will satisfy variable needs of our customer.

## Electronics equipment's

List of Mostly used electronics equipment's

S.N.	S.N. Lists of Electronics Equipment's
1.	CFLs (Tube Lights)
2.	Computer
3.	Laptops
4.	Mobile Chargers
5.	Television

## Our Solar Home Systems and Costing's

S. N.	Particulars	Capacity	100Wp System		Selling & Price (Rs)	Remarks
			Quantity	Cost (Rs)		
1	Panel	100wp	1	16000	30000	
2	Battery	200Ah	2	26000	30150	2CFL of 11 watt (5 hours)

3	Charge Controller	10 Amp	1	2000	2250	2CFL of 7 watt (7 hours)
4	Inverter	800 VA	1	15000	17316	3 LED light 1 watt ( 5 hours)
5	Structure			2400	3000	Computer (2 hours)
6	Installation				3500	
7	Miscellaneous			3000	4000	
<b>Total</b>				<b>119400</b>	<b>161250</b>	

### **Question 3 (a): Three main forms of business organization**

#### **Answer:**

The following points highlight the top three forms of organizations. The forms are:  
1. The Sole Proprietorship Concern 2. Partnership 3. Corporation.

#### **Form # 1. The Sole Proprietorship Concern:**

The sole proprietorship is the least complex form of business enterprise. This form of business is owned by one individual who makes all the business decisions receives the profits that the business earns, and bears the financial responsibility for losses. From this description, the simplicity of the individual proprietorship is apparent. Barring legal restrictions any individual can simply decide to go into business except in areas of enterprise where business licenses are required. Such restrictions aside, the individual who has accumulated or borrowed sufficient funds to set up a business can do so. No legal work is required to set up a sole proprietorship, although the individual proprietor will often seek legal and accounting advice.

#### **Form # 2. Partnership:**

A partnership is much like an individual proprietorship but with more than one owner. A partnership is a business enterprise that is owned by two or more people (called partners) who make all the business decisions, who share the profits of the business, and who bear the financial responsibility for any losses. Like the individual proprietorship, partnerships are easy to establish. Most partnerships are based upon an agreement that spells out the ownership of shares and duties of each partner. The partners may contribute different amounts of financial capital to the organization; there may be an agreement on the division of responsibility for running the business.

#### **Form # 3. Corporation:**

The corporation or the corporate form of business was set up to overcome some of the disadvantages of the proprietorship and partnership. A corporation is a form of business enterprise that is owned by a large number of shareholders. The corporation has the legal status of a fictional individual and is authorized by law to act as a single person. The shareholders elect a board of directors that appoints the management of the corporation,



usually headed by a president. Management is charged with the actual operation of the corporation.

Unlike the sole proprietorship and partnerships that can be established with minimal paperwork, a corporate charter is required to set up a corporation. The laws of each state are different, but typically, for a fee, corporations can be established (incorporated) and can become legal “persons” subject to the laws of that state. According to state and Central laws, the corporation has the legal status of a fictional individual. Officers of the corporation can act in the name of the corporation without being personally liable for its debts. If corporate officers commit criminal acts, however, they can be prosecuted. The corporation is owned by individuals (shareholders) who have purchased equity shares of stock in the corporation. A shareholder’s share of ownership of the corporation will equal the number of shares owned by that individual divided by the total number of shares outstanding (owned by shareholders).

**Question 3 (b): Advantages and disadvantages of a business venture when operated as a partnership**

	<b>Advantages</b>	<b>Disadvantages</b>
<b><u>Partnership</u></b>	1. Business is relatively easy to set up. 2. More management skills are available. 3. Earnings are taxed only once as the personal income of the partners.	1. There is unlimited liability for the partners. 2. Decision-making can be complicated. 3. The company has a limited ability to raise capital. 4. Partnerships can be unstable

**Question 4 (a): Growth Strategies are based upon Knowledge of Product**

**Answer:**

Growth platforms are specific initiatives selected by a business organization to increase their revenue and earnings growth. There are two types of growth platforms: strategic or tactical. Strategic growth platforms usually take from 3 to 6 years to implement and give the desired results being long term initiatives. On the other hand, Tactical growth platforms take less time to implement as they are shorter term initiatives and both the initiative and the results are based on the current budget year of the particular business.

“An organization substantially broadens the scope of one or more of its business in terms of their respective customer group, customer functions and alternative technologies to improve its overall performance”.

The following block diagram show the types of growth strategies.

<b>Intensive/internal growth</b>	<b>External/integrative growth</b>
Expansion	Merger
Modernization	Acquisition
Diversification	Joint ventures
	Strategic alliance

### **Four growth strategies with example of each strategy**

The four strategies are as follows: 1. Penetration Strategy, 2. Market Development Strategies, 3. Product Development Strategies and 4. Diversification Strategies.

#### **1. Penetration Strategy**

- ✓ A strategy to grow by encouraging existing customers to buy more of the firm's current products.
- ✓ Marketing can be effective in encouraging frequent repeat purchases.
- ✓ Does not involve anything new for the firm.
- ✓ Relies on taking market share from competitors and/or expanding the size of the existing market.

**For example: Price reduction.** The most common penetration strategy is simply to reduce prices. If customers are price sensitive, they will respond by buying more of the company's products and services. However, this approach only works if its offerings are considered to at least have the median level of quality of competing offerings. This approach is not a good one when competitors can easily match or exceed the company's lowered prices, thereby initiating a price war.

#### **2. Market Development Strategies**

- ✓ Strategy to grow by selling the firm's existing products to new groups of customers.
- ✓ New geographical market - Selling in new locations.
- ✓ New demographic market - Selling to a different demographic group.
- ✓ New product use - Selling an existing product, which may have a new use, to new groups of buyers.

**For example:** if the product currently sells to young people, it may try placing adverts in publications that older consumers read. In other words, it is a strategic step a company takes to exploit an existing market further. It takes this step rather than trying to look for a new market.

#### **3. Product Development Strategies**

- ✓ A strategy to grow by developing and selling new products to people who are already purchasing the firm's existing products.

- ✓ Provides opportunities to capitalize on existing distribution systems and on the corporate reputation the firm has with these customers.

**For example:** Tennis players often buy rackets based on what their favorite pro uses. However, pros tweak and customize racket weights and balance to meet the unique needs of a player's swing, which improves racket head velocity and control. This racket science has become available to consumers who want to emulate favorite players, as the Said Ahmed Custom Racket Shop allows consumers to customize rackets just like rackets the pros use.

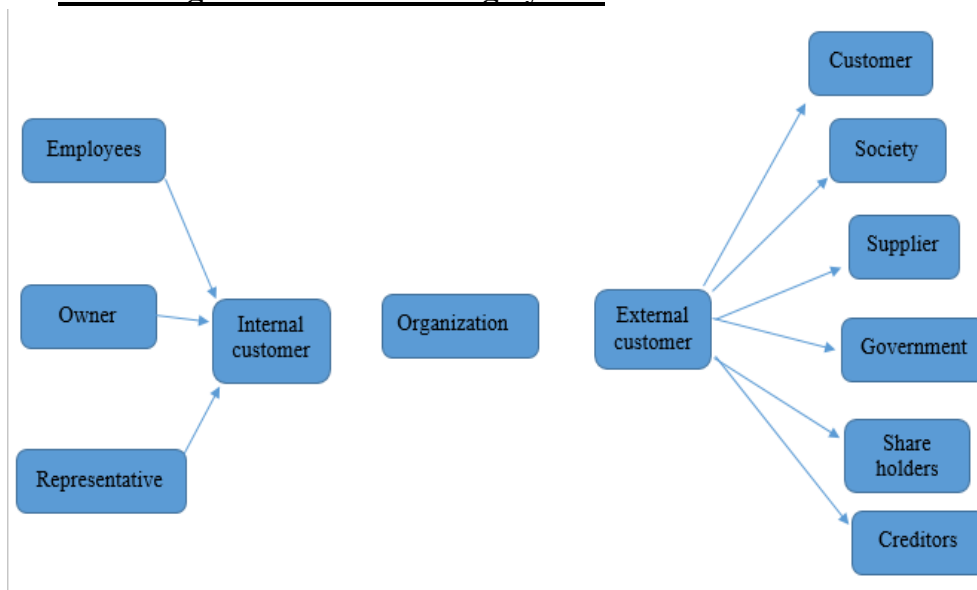
#### 4. Diversification Strategies

- ✓ A strategy to grow by selling a new product to a new market.
- ✓ Backward integration - A step back (up) in the value-added chain toward the raw materials.
- ✓ Forward integration - A step forward (down) in the value-added chain toward the customers.
- ✓ Horizontal integration - Occurs at the same level of the value-added chain but simply involves a different, but complementary, value-added chain.

**For example:** Entertainment industry, Film production houses also distribute movies through DTH networks, Walt Disney ( movies and distribution), Backward integration - Design and manufacture of equipment used to make skis, Forward integration- Control of a chain of retail ski shops and Horizontal integration-Ownership of ski mountains.

### Question 5(a):

**Answer. Block diagram of the Marketing System**



## **Internal Environment Factors**

The internal factors refer to anything within the company and under the control of the company no matter whether they are tangible or intangible. These factors after being figured out are grouped into the strengths and weaknesses of the company. If one element brings positive effects to the company, it is considered as strength. On the other hand, if a factor prevents the development of the company, it is a weakness. Within the company, there are numerous criteria need to be taken into consideration.

There are 14 types of internal environment factors:

1. Plans & Policies
2. Value Proposition
3. Human Resource
4. Financial and Marketing Resources
5. Corporate Image and brand equity
6. Plant/Machinery/Equipment's (or you can say Physical assets)
7. Labor Management
8. Inter-personal Relationship with employees
9. Internal Technology Resources & Dependencies
10. Organizational structure or in some cases Code of Conduct
11. Quality and size of Infrastructure
12. Task Executions or Operations
13. Financial Forecast
14. The founders relationship and their decision making power.

## **External Environmental Factors**

On the contrary to internal factors, external elements are affecting factors outside and under no control of the company. Considering the outside environment allows businessmen to take suitable adjustments to their marketing plan to make it more adaptable to the external environment. There are numerous criteria considered as external elements. Among them, some of the most outstanding and important factors need to listed are current economic situation, laws, surrounding infrastructure, and customer demands.

*Micro factors:*

1. Customers
2. Input or Suppliers
3. Competitors
4. Public
5. Marketing & Media

## 6. Talent

*Macro factors:*

1. Economic
2. Political/legal
3. Technology
4. Social an
5. Natural

*The end*

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