

**Department of Electrical Engineering**  
**Final – Assignment Spring 2020**  
**Date: 24/06/2020**

**Course Details**

Course Title: Entrepreneurship                      Module: \_\_\_\_\_  
Instructor: Dr. Shahid Latif                      Total Marks: 50

**Student Details**

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Note: Attempt all of the following questions.

Q1.		<b>Business Plan is heart of any new project and without a detailed plan, no business can be successful.</b> <b>Describe in detail how Business Plan is written, highlighting contents of its different components with giving example for each section?</b>	<b>Marks 10</b>
			<b>CLO 2</b>
Q2.	(a)	<b>Consider yourself an “Entrepreneurship” and you want to start a new business. Prepare a “Business Plan” for your new venture detailing and describing all the steps required to start this business. (Business Plan for any Product or Service).</b>	<b>Marks 10</b>
			<b>CLO 2</b>
Q3.	(a)	<b>What are the three main forms of business organization, and what factors should a company’s owners consider when selecting a business form?</b>	<b>Marks 5</b>
			<b>CLO 2</b>
	(b)	<b>What are advantages and disadvantages of a business venture when operated as a partnership?</b>	<b>Marks 5</b>
			<b>CLO 2</b>
Q4.	(a)	<b>Growth Strategies are based upon Knowledge of Product or Market, discuss in your words? Describe four growth strategies with giving example of each strategy.</b>	<b>Marks 10</b>
			<b>CLO 2</b>
Q5.	(a)	<b>Draw a block diagram showing the Marketing System for a new business by highlighting external and internal environmental factors.</b>	<b>Marks 10</b>
			<b>CLO 2</b>

Q No 11,

Ans:

i) Executive Summary.

Your executive Summary should appear first in your business Plan. It should summarize what you expect your business to accomplish. Since its main purpose is to highlight what you intend to discuss in the rest of the Plan, the Small Business Administration suggests that you write this section last. A good executive Summary is compelling. It reveals the Company mission Statement along with a short description of its Product and Services.

Company Description.

The next section that should appear in your business Plan is a company description. It's best to include key information about your business, your goals and the customer you plan to serve.

Your company description should also discuss how your business will stand out from others in the industry and how the Product and Services you are providing will be helpful to your target audience.

## Market Analysis:

Ideally your market analysis will show that you know the in and out of the industry and the specific market you're planning to enter in that section. You will need use data and statistics to talk about where the market has been, where it's expected to go and how your company will fit into it. In addition you'll have to provide detail about the consumer you'll be marketing to such as their income level.

## Competitive Analysis:

A good business plan will present a clear comparison of your business to your direct and indirect competitors you need to show that you know their strength and weakness and you know how your business will stack up. If there are any issues that could prevent you from jumping into the market.

## Description of Management and Organization:

Following your market analysis, your business plan will outline the way that your organization will be set up. You introduce your company managers and summarize their skill and primary job responsibilities. If you want to, you can create a diagram that maps out your chain of command.

Don't forget to indicate whether your business will operate as a partnership, a sole proprietorship, or a business with a different ownership structure. If you have a board of directors, you will need to identify the members.

## Breakdown of your Product and Services

If you didn't incorporate enough fact about your product and services into your company description, it might be a good idea to include extra information about them in a separate section. Whoever reads this portion of your business plan should know exactly what you're planning to create and sell, how long your product is supposed to last, and how they will meet an existing need.

## Marketing Plan:

In your business Plan its important to describe how you intend to get your product and services in front of potential client. that's what marketing is all about. As you pinpoint the step you are going to take to promote your product, you will need to mention the budget you will need to implement your strategies.

## Sale Strategy:

How will you sell the product you are building? that's the most important question you will answer when you discuss your sale strategy. its best to be as specific as possible. its good idea to throw in the number of sales rep your planning to hire and how you will go about finding them and bringing them on board. you can also include sales target.

## Request for Funding:

If you need funding you can devote an entire section to talking about the amount of money you need and how you plan to use the capital.

## Financial Projections:

In the final section of your business plan, you will reveal the financial goals and expectations that you have set based on market research. You will report your anticipated revenue for the first 12 months and your annual projected earnings for the second, third, fourth and fifth years of business.

Q 2:

## Business Plan on Techno Meals Software House

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## 11 Statement of Purpose

The business Plan's Purpose is Primarily to Promote the Selection of Prospective entrepreneurs for investment Ventures. The Project business Plan Which forms the basis of an significant investment decision and the document/ Study cover different aspect of Project idea Creation Start-up, manufacturing, Promotion finance and business management in order Purpose.

The aim of this document is to encourage Potential investor in the Company of Software House by Providing them with general market Understanding with the goal of assisting Potential investor in important investment decisions.

The aim is to ~~set~~ set up Lahore Software in house that will provide Services in the field of micro-services application. As micro-services are increasingly growing in the IT market, Silicon Valley's Prominent



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IT business are now transitioning to designing micro-services for their application, making it the right to invest in it. It's necessary to have a look at the actual micro-services

## Executive Summary:

Pakistan has enormous potential to attract market for IT-enabled services by providing software application to various developed countries. Demand is expected to thrive in the years ahead because of the lower labour cost and modern technical resources, many countries favor outsourcing from Pakistan. It enables the IT sector to provide the country with good investment opportunities as well as creating more job opportunities in Pakistan.

The business plan provides information on key aspects of building a software house that will cater for both local and export markets and can be located in any major Pakistan city. The software house will offer a wide range of micro-service software.

application The technologies include, among other outsourcing technology, System management, Product Creation, Consultancy methods business analysis Consultancy, and Computer Security Consulting. Highly critical for the viability of the Planned Company is the historical experiences and Professional expertise of the founder and Key Staff.

The Project's Projected expense is Rs 10 million out of which Rs 5.76 million will be Capital Spending and Rs 2.05 million remaining would be for working Capital. The Scheme is expected to be funded by debt of 50% and equity of 50 Per cent.

The Project would provide 20 individuals with Job opportunities including the owner boss. This Project legal business status is suggested as "Sole Proprietorship."

## Business Description:

The business Plan includes details regarding Pakistan's micro-Services Web Creation industry. This offer is compelling opportunity for aspiring entrepreneurs to set up business in the growing IT technology world wide. Simple and continuous exposure to highly qualified specialist coupled with the availability to appropriate infrastructure allows ~~there~~ this sector an enticing opportunity for entrepreneurs to venture into software creation in Pakistan.

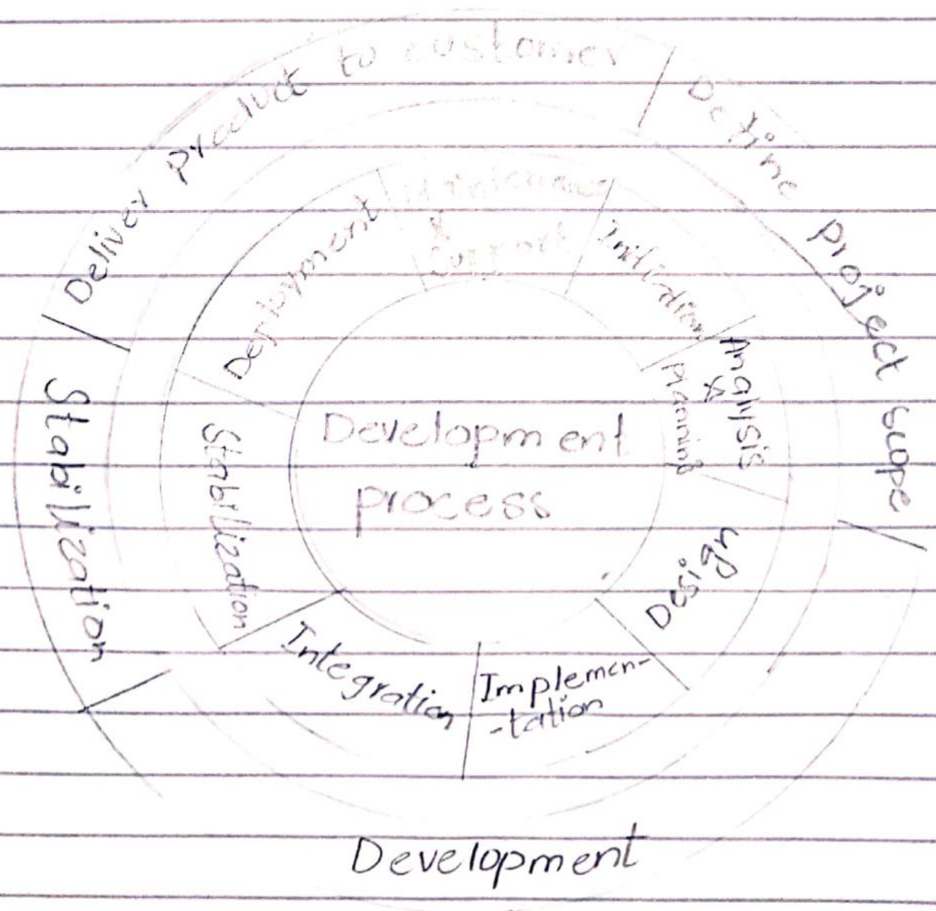
This project focuses primarily on future investment opportunities in software development and more specifically, growth of the micro-Services. Many good and services relevant to various industries such as banking, insurance, human capital etc. may also be sold under the scheme without any extra equipment. The planned software house is focused on two teams each consisting of a software engineer, an analyst and four developers operating on an 8-hour

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cycle, Producing for Customers about 8160 Value hours. In order to Set up a Tech Shop, a reversed Service Provider wants the entrepreneurs to have a high Speed internet link.

### Development Process:

The development Process of Software houses Services mainly entails the following Sequence of activities



## Installed and Operational Capacities:

This development model is focused on two concurrent project teams: consisting of one software engineer, one software analyst and four developers operating on a continuous shift of 8 hours a day. The total value hours to serve clients is 8160. It is assumed, however, that employees would work with a value of 4,704 hours at 65 percent efficiency level during the first year of operation.

## Target markets:

There is a strong movement in enterprise process automation in the local sector, and many small medium and large companies are transforming their process from paper pencil methods to processes centered on IT large enterprises with firm footprint in the technology industries dominate the cloud microservice and application market. IBM, Microsoft Azure,

CA Technology, Amazon AWS, Infosys, Salesforce, Contino, Macaw Software Inc, Oracle, Syntel Inc, SAP HANA, NetScout Systems Inc, Software AG, Rapid Value Solution, Tata Consulting Service Limited, Idexcel inc, CoScale and SRB Technology are major players involved in the cloud microservice and application industry. Whereas the United States of America is Pakistan's largest buyer of IT-enabled services in the export industry, accompanied by the United Kingdom, Australia, Canada, Thailand, the UAE and other nations. Thus, when Silicon Valley businesses are turning to developing micro-services apps, our tech house might produce strong profits.

### Financial Analysis:

A comprehensive financial model for evaluating Software House's market viability has been developed. Various assumptions relating to cost and revenues along with analytical results are outlined in this section. Also added are the expected financial statement, Cash Flow Analysis and Balance Sheet.

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## 5.1 Project Financing:

The following table provided detail of the required equity and Bank loan Variables:

Project Financing	
Description	Detail
Total equity (50%)	Rs 3,401,526
Bank loan (50%)	Rs 3,401,526
Annual markup to the Borrower	12%
Loan term Loan	
Tenure of the loan	5

## 5.2 Project Cost:

Project Cost	
Capital Cost	Amount RS
Office Equipment	2,264,000
Furniture and Fixture	2,208,750
Pre-operating cost	270,530
Training Cost	14,000
Total Capital Cost	4,757,280
Working Capital	
Building Rent	744,000
Cash	1,301,772
Total Working Capital	2,045,772
Total Project Cost	6,803,052

## 5.3 Income Statement

Revenue	Year 1	Year 2	Year 3
	21,632,000	23,795,000	26,174,720
<b>Cost of Sale:</b>			
Operation Cost (direct labour)	8,400,000	9,240,000	10,164,000
Operating Cost 3 (direct electricity)	480,000	528,000	580,800
Total Cost of Sale	8,880,000	9,768,000	10,744,800
Gross Profit	12,752,000	14,027,200	15,429,920
<b>General administration and Selling Expenses</b>			
Administration expenses	3,372,000	3,709,200	4,080,120
Administration benefit expense	337,200	370,920	408,120
Building Rental expense	14,880,000	1,636,800	1,800,480
Electricity "	120,000	132,000	145,000
Water "	60,000	66,000	72,600
Software update, Purchase and licensing renewal expense	260,000	275,000	302,500
International Travelling "	865,280	951,808	1,046,989
Communication "	240,000	264,000	290,400
Office "	750,000	825,000	907,500
Insurance "	-	-	-
Professional fee	216,320	237,952	261,747
Depreciation "	975,542	975,542	975,542
Amortization of Pre-operating Cost	54106	54106	54106
Amortization of legal, licensing and Training Cost	2800	2800	2800
Sub Total	10,904,448	11,880,648	12,965,468



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Operating income	1847,552	2,146,552	2,464,452
Gain/(Loss) on Sale of office equipment			1358,400
Gain/(Loss) on Sale of Furniture and Fixture			
Earning Before interest and Taxes:	1847,552	2,146,552	3,822,852
Interest expense on long term debt (Project loan)	265,559	218,712	165,924
" " " (Working capital (Loan)	133,701	111,015	84,941
Sub Total	399,260	329,728	250,865
Earning Before Tax	1,448,292	1,816,823	3,571,987
Tax	139,744	210,865	615,496
Net Profit/Loss (After Tax)	1,308,548	1,605,958	2,956,490

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Operating activities		Year 0	Year 1	Year 2	Year 3
	Net Profit				
	Add: deprecation expense		1,208,542	1,605,960	2,956,190
	amortization of Pre-operating cost		975,542	975,542	975,542
	amortization of Training Cost		54,106	54,106	54,106
	Account receivable		2800	2800	2800
	Pre-paid Building Rent (744000)		(888,986)	(44,449)	(93,344)
	Cash Provided by operation (744000)		(74,400)	(81,840)	(90,024)
			(127,610)	(2,512,18)	(3,805,57)
Financing activities					
	Project Loan-Principle Payment	-	(369,380)	(416,226)	(469,014)
	Working Capital Loan " "	-	(151,908)	(174,594)	(200,668)
	Addition to Project Loan (2378,640)		=	=	=
	Addition to Working Capital Loan (1,022,886)		-	-	-
	Issuance of Share (3,401,526)		-	-	-
	Cash Provided by/used for financing activities		(6,803,052)	(521,287)	(590,820)
					(669,682)

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invest activities (2,620,863)  
 Capital expenditure (1,151,180)  
 Acquisitions (2,620,863)  
 Cash used for/ provided by (4,751,280)  
 investing activities (2,620,863)

Net Cash (1,301,172) (856,322) (1,921,298) (515,025)

Asset	Year 0	Year 1	Year 2	Year 3
<b>Current asset</b>				
Cash and Bank	(1,301,172)	(2,58,094)	(4,079,393)	(4,594,418)
Account Receivable		(828,986)	(933,436)	(1,026,779)
Pre-Paid Building Rent	(744,000)	(818,400)	(900,240)	(990,264)
<b>Total Current asset</b>	<b>(2,045,172)</b>	<b>(3,865,420)</b>	<b>(5,913,068)</b>	<b>(6,611,461)</b>
<b>Fixed asset</b>				
Furniture and Fixture	(2,208,750)	(1,987,875)	(1,767,000)	(1,546,125)
office equipment	(2,264,000) (1,400,000)	(1,509,333) (1,220,000)	(1,546,667)	(2,620,863)
<b>Total Fixed Asset</b>	<b>(4,472,750)</b>	<b>(3,497,208)</b>	<b>(2,521,667)</b>	<b>(4,166,988)</b>
<b>Intangible asset</b>				
Pre-operation cost	(270,530)	(216,424)	(162,318)	(108,212)
Legal, licensing and training cost	(14000)	(11200)	(8400)	(5600)
<b>Total intangible Asset</b>	<b>(284,530)</b>	<b>(227,624)</b>	<b>(170,718)</b>	<b>(113,812)</b>
<b>Total Asset</b>	<b>(6,803,052)</b>	<b>(7,590,313)</b>	<b>(8,605,453)</b>	<b>(10,892,261)</b>

5.5

## Liabilities and Shareholders' Equity

### Current liabilities

Total Current liabilities — — — —

### Other liabilities

Long Term debt (Project Loan) (2378,640) (2,009,260) (6593,034) (1,124,020)

Long Term debt (Working Capital Loan) (1,022,886) (870,978) (696,384) (495,716)

Total Long Term liabilities (3,401,526) (2,880,239) (2,289,419) (1,619,738)

### Shareholders' equity

Paid-up Capital (3,401,526) (3,401,526) (3,401,526) (3,401,526)

Retained earnings (6302,548) (2,914,502) (5,870,999)

Total equity (3,401,526) (4,710,074) (6,316,034) (9,272,525)

Total Capital and liabilities (6,803,052) (7,590,313) (8,605,453)  
(10,812,261)

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## References:

1) <http://dediane.hamilton.com/difference-between-feasibility-study-and-business-plan/>

2) [http://smeda.org/index.php?option=com\\_phocadownload&view=category&id=137:information-technology&Itemid=308](http://smeda.org/index.php?option=com_phocadownload&view=category&id=137:information-technology&Itemid=308)

3) <http://www.transparencymarketresearch.com>

Q No 3: Part (a):

What are the three main forms of Business organization and what factors should a Company's owner consider when selecting a Business form.

Ans:

- i) Sole Proprietor
- ii) Partnership
- iii) Ltd liability co

- i) Choose a form of organization by evaluating
- ii) owner's liability for firm's debts
- iii) The ease and cost of forming the business
- iv) The ability to raise funds
- v) The taxes
- vi) The degree of ~~ab~~ operating control the owner can obtain
- vii) The ability to attract employees
- viii) The aims and objectives of the various business
- ix) The desire of how to/not to share Profit

Q No 3: Part (B)

Advantages

disadvantages

i) Easy of formation

unlimited liability for General Partners

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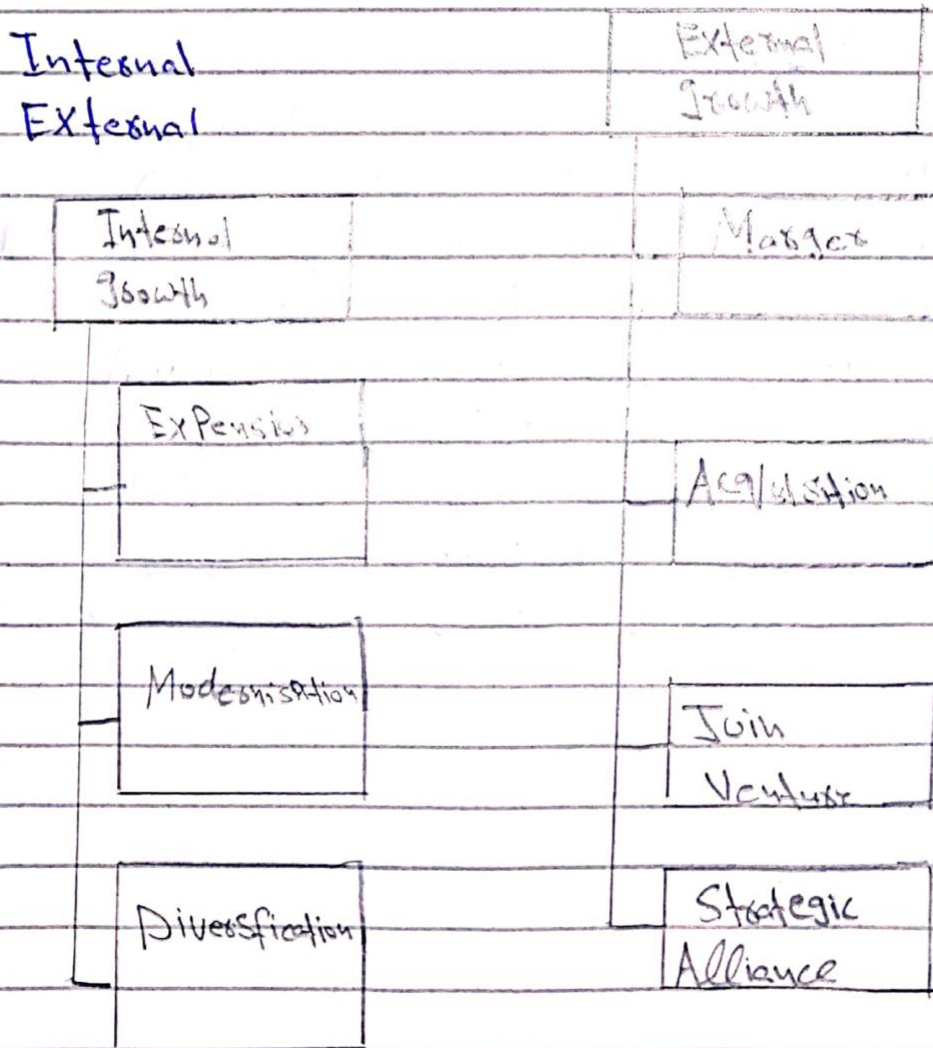
ii) Availability of Capital	Potential for Conflict b/w Partners
iii) Diversity of managerial expertise	Limited life
iv) Flexibility to respond to changing Business Condition	Sharing of Profits
v) Relative freedom from Government Control	Difficulty in leaving a Partnership

### Q4 (a) Part

Ans:

An organization substantially broadens the scope of one or more of its business in terms of their respective customers, group, customer function and alternative technologies to improve its overall performance is called Growth Strategies.

### Type of Growth Strategies





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Internal Growth Strategies relate to the following.

- \* Designing and developing new Product
- \* Building on existing Product for new opportunities
- \* Increase Sale of Product through better market reach
- \* Expanded Expanding existing Product lines and Service offering
- \* Reaching out for new markets
- \* Expansion into foreign markets

### Market Penetration:

Growth through market Penetration does not involve moving into new markets or creating new Product its an attempt to increase market Share using your current Product or Services. Carry out this Strategy by lowering the Price of a Product or by increasing marketing effort to lure Customers away from Competitor

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## Product Development:

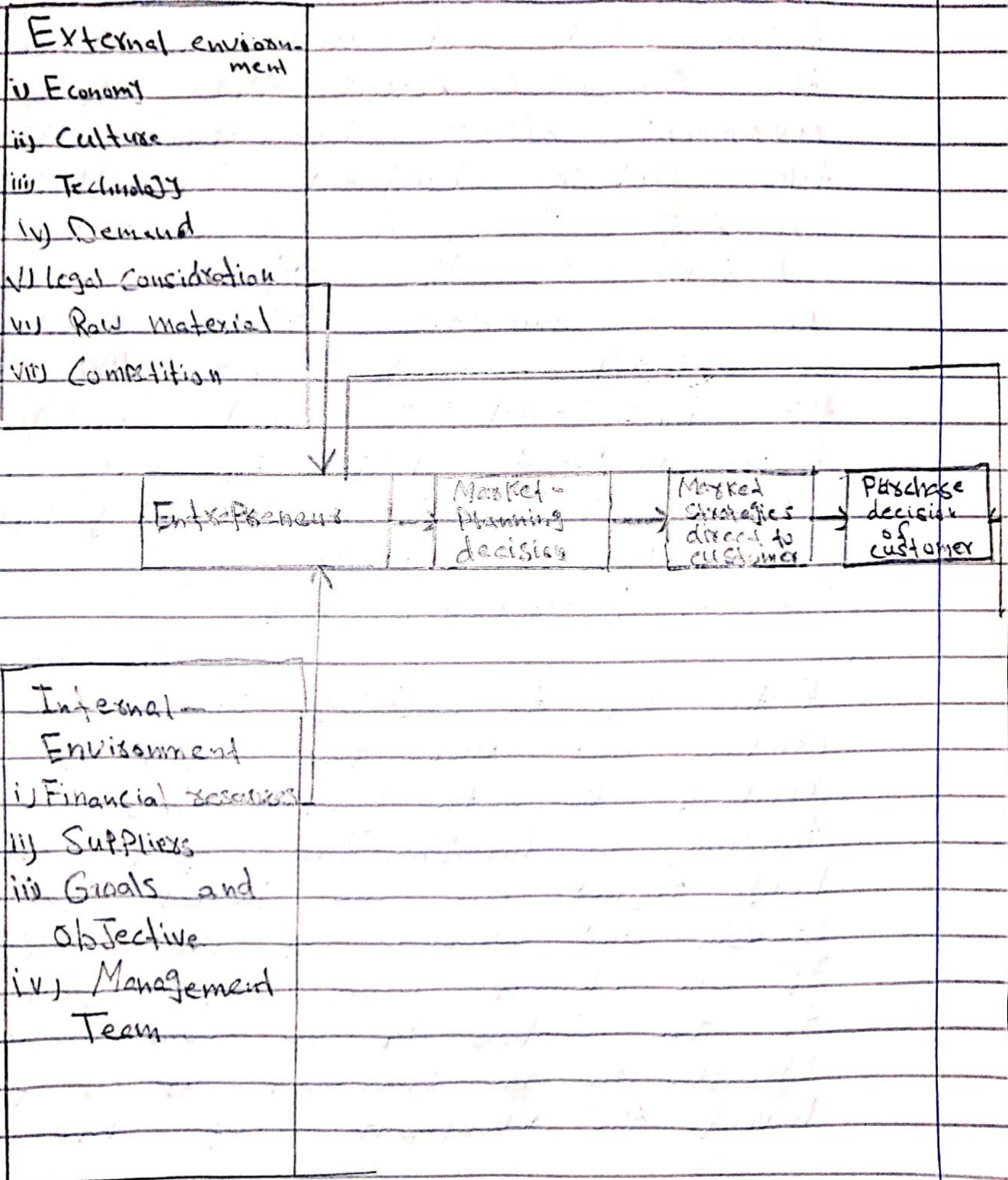
Product development means creating new product to serve the same market. For example, a company that produces ice cream for institutional buyers expands its line to include gelato and sorbet. The company can sell these new products to existing customers and grow its business without tapping new markets.

## Market development:

Market development involves introducing your product or services to new market. You may want to enter a new city, state or even country. or you can target a market segment. For instance, a bakery that produce bread for the consumer market could enter into the commercial market by baking bread for restaurants and retailers.

# Q5 Part (a)

Ans:



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## External environmental Factor:

Contrary to internal factors outside and external element are affecting factors outside and under no control of the company. Considering the outside environment allows businessmen to take suitable adjustment to their marketing plan to make it more adaptable to the external environment.

There are numerous criteria considered as external element. Among them some the most outstanding and important factors need to listed the are current economic situation, laws, surrounding infrastructure and customer demand.

## Internal Environmental Factor:

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 strength and weakness of the company. If one element bring positive effect to the company it is considered as strength on the other hand if a factor prevents the development of the

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Company, it is a Weakness. Within the  
Company, they are numerous criteria need  
to be taken into Consideration