

Major Assignment

Program: MBA-90

Course: Managerial Economics

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The following 5 steps to be incorporated after plan format/sample.

1. **Market survey**
2. **Demand Analysis**
3. **Cost analysis**
4. **Monetary returns / Benefits**
5. **Social benefits What needs to go into a business plan?**

No matter the type of business plan you create, these are the **six basic sections you should include**. These sections are necessary when working with an outside party or potential investor, to give them a quick look into each aspect of your business.

1. Executive summary

Write your executive summary last. It's just a page or two that highlights the points you've made elsewhere in your business plan.

It's also the doorway to your plan—after looking over your executive summary, your target reader is either going to throw your business plan away or keep reading, so you'd better get it just right.

Summarize the problem you are solving for customers, your solution, the target market, the founding team, and financial forecast highlights. Keep things as brief as possible and entice your audience to learn more about your company.

2. Opportunity

In the opportunity section of your business plan, describe the problem that you solve for your customers and the solution that you are selling.

It is always a good idea to think in terms of customer needs and customer benefits as you define your product offerings, rather than thinking of your side of the equation (how much the product or service costs, and how you deliver it to the customer).

Sometimes this part of the plan will include tables that provide more details, such as a bill of materials or detailed price lists, but more often than not this section just describes what you are selling and how your products and services fill a need for your customers.

3. Market analysis summary

You need to know your target market—the types of customers you are looking for—and how it's changing, and your market analysis summary will help you get clear on it.

Use this business plan component to discuss your customers' needs, where your customers are, how to reach them and how to deliver your product to them.

You'll also need to know who your competitors are and how you stack up against them—why are you sure there's room for you in this market?

4. Execution

Use this business plan section to outline your marketing plan, your sales plan, and the other logistics involved in actually running your business.

You'll want to cover the technology you plan on using, your business location and other facilities, special equipment you might need, and your roadmap for getting your business up and running. Finally, you'll want to outline the key metrics you'll be tracking to make sure your business is headed in the right direction.

5. Company and management summary

The company and management section is an overview of who you are.

It should describe the organization of your business, and the key members of the management team, but it should also ground the reader with the nuts and bolts: when your company was founded, who is/are the owner(s), what state your company is registered in and where you do business, and when/if your company was incorporated.

Be sure to include summaries of your managers' backgrounds and experience—these should act like brief resumes—and describe their functions with the company. Full-length resumes should be appended to the plan.

6. Financial plan

At the very least this section should include your projected sales forecast, profit and loss and cash flow statement, and balance sheet, along with a brief description of the assumptions you're making with your projections.

You may also want to include your sales forecast, business ratios, and break-even analysis.

Finally, if you are raising money or taking out loans, you should highlight the money you need to launch the business.

The following steps to be incorporated.

1. Market survey

2. Demand Analysis
3. Cost analysis
4. Monetary returns / Benefits
5. Social benefits

1. Market survey

How to do a market Survey/analysis?

The objectives of the market analysis section of a business plan are to show to investors that:

You know your market

The market is large enough to build a sustainable business

In order to do that I recommend the following plan:

Demographics and Segmentation

Target Market

Market Need

Competition

Barriers to Entry

Regulation

Demographics and Segmentation

When assessing the size of the market, your approach will depend on the type of business you are selling to investors. If your business plan is for a small shop or a restaurant then you need to take a local approach and try to assess the market around your shop. If you are writing a business plan for a restaurant chain then you need to assess the market a national level.

Target Market

The target market is the type of customers you target within the market. For example if you are selling jewelry you can either be a generalist or decide to focus on the high end or the lower end of the market. This section is relevant when your market has clear segments with different drivers of demand. In my example of jewels, value for money would be one of the drivers of the lower end market whereas exclusivity and prestige would drive the high end.

Market Need

This section is very important as it is where you show your potential investor that you have an intimate knowledge of your market. You know why they buy!

Here you need to get into the details of the drivers of demand for your product or services. One way to look at what a driver is, is to look at takeaway coffee. One of the drivers for coffee is consistency. The coffee one buys in a chain is not necessarily better than the one from the independent coffee shop next door. But if you are not from the area then you don't know what the independent coffee shop's coffee is worth. Whereas you know that the coffee from the chain will taste just like in every other shop of this chain. Hence most people on the move buy coffee from chains rather than independent coffee shops.

Competition

The aim of this section is to give a fair view of who you are competing against. You need to explain your competitors' positioning and describe their strengths and weaknesses. You should write this part in parallel with the Competitive Edge part of the Strategy section.

The idea here is to analyze your competitor's angle to the market in order to find a weakness that your company will be able to use in its own market positioning

Barriers to Entry

This section is all about answering two questions from your investors:

1. What prevents someone from opening a shop in front of yours and take 50% of your business?
2. Having answered the previous question what makes you think you will be successful in trying to enter this market? (start-up only)

As you would have guess barriers to entry are great. Investors love them and there is one reason for this: it protects your business from new competition!

Here are a few examples of barriers to entry:

- Investment (project that require a substantial investment)
- Technology (sophisticated technology a website is not one, knowing how to process uranium is)
- Brand (the huge marketing costs required to get to a certain level of recognition)
- Regulation (licenses and concessions in particular)
- Access to resources (exclusivity with suppliers, proprietary resources)
- Access to distribution channels (exclusivity with distributors, proprietary network)
- Location (a shop on Regent's Street)

Regulation

If regulation is a barrier at entry in your sector then I would advise you to merge this section with the previous one. Otherwise this section should be just a tick the box exercise where you explain the main regulations applicable to your business and which steps you are going to take to remain compliant.

Now you know how to do a market analysis for a business plan! I hope you found this article useful. If so please share it, and if not let us know what we need to improve.

2. Demand Analysis

A business plan demand analysis is about challenging your preconceived notions regarding your product/service. A stress test, if you will. Here, you will take your idea and start molding it into something that has even higher potential.

As an entrepreneur, you can't be too stubborn. You have to be flexible. After going through this process, the hope is that you'll come out the other end with an even more refined idea and a greater chance at success.

3. Cost analysis

A cost analysis (also known as a benefit cost analysis) is a process by which organizations can analyze decisions, systems or projects, or determine a value for intangibles. The model is built by identifying the benefits of an action as well as the associated costs, and subtracting the costs from benefits.

4. Monetary returns / Benefits

It's a shame that so many people think business plans are just for startups, or to back up loan applications, or for getting investors. The truth is that business planning offers serious benefits for everybody in business.

And we'd like to point out that none of these benefits require a big formal business plan document. A lean business plan (as in What Business Plan Type is Best for Me) is usually enough. It takes an hour or two to do the first plan, then just an hour or two to review and revise monthly.

Here are the Top 10 Benefits of Business Planning:

1. See the whole business.

Business planning done right connects the dots in your business so you get a better picture of the whole. Strategy is supposed to relate to tactics with strategic alignment. Does that show up in your plan? Do your sales connect to your sales and marketing expenses? Are your products right for your target market? Are you covering costs including long-term fixed costs, product development, and working capital needs as well? Take a step back and look at the larger picture.

2. Strategic Focus.

Startups and small business need to focus on their special identities, their target markets, and their products or services tailored to match.

3. Set priorities.

You can't do everything. Business planning helps you keep track of the right things, and the most important things. Allocate your time, effort, and resources strategically.

4. Manage change.

With good planning process you regularly review assumptions, track progress, and catch new developments so you can adjust. Plan vs. actual analysis is a dashboard, and adjusting the plan is steering.

5. Develop accountability.

5. Good planning process sets expectations and tracks results. It's a tool for regular review of what's expected and what happened. Good work shows up. Disappointments show up too. A well-run monthly plan review with plan vs. actual included becomes an impromptu review of tasks and accomplishments.

6. Manage cash.

Good business planning connects the dots in cash flow. Sometimes just watching profits is enough. But when sales on account, physical products, purchasing assets, or repaying debts are involved, cash flow takes planning and management. Profitable businesses suffer when slow-paying clients or too much inventory constipate cash flow. A plan helps you see the problem and adjust to it.

7. Strategic alignment.

Does your day-to-day work fit with your main business tactics? Do those tactics match your strategy? If so, you have strategic alignment. If not, the business planning will bring up the hidden mismatches. For example, if you run a gourmet restaurant that has a drive-through window, you're out of alignment.

8. Milestones.

Good business planning sets milestones you can work towards. These are key goals you want to achieve, like reaching a defined sales level, hiring that sales manager, or opening the new location. We're human. We work better when we have visible goals we can work towards.

9. Metrics.

Put your performance indicators and numbers to track into a business plan where you can see them monthly in the plan review meeting. Figure out the numbers that matter. Sales and expenses usually do, but there are also calls, trips, seminars, web traffic, conversion rates, returns, and so forth. Use your business planning to define and track the key metrics.

10. Realistic regular reminders to keep on track.

We all want to do everything for our customers, but sometimes we need to push back to maintain quality and strategic focus. It's hard, during the heat of the everyday routine, to remember the priorities and focus. The business planning process becomes a regular reminder.

6. Social benefits

The social benefits

Better customer relationships

By being a social business, you are seen to be open, transparent, accessible and responsive. If a customer can communicate with a company in real time and through a platform that suits them, then they will feel valued and respected. Better still, if that company exceeds their response expectations, then you don't just have satisfied customers, you have potential brand advocates.

Improved insight

A social business can gain more and better insight into customers' behaviour, sentiments and actions. That, in turn, can create more targeted and relevant campaigns and product development.

Employee satisfaction

A social business allows employees to be part of the conversation, both internal and external. The result is more involved, more collaborative, more motivated teams, who can, and are empowered to, make a difference.

Increased productivity

By encouraging open collaboration and involvement, a social business enables a better flow of communication internally and a culture of getting things done as a team.

More innovation

New ideas are more like to be shared, built upon, developed and put into action. Internally, employees from all parts of the business are empowered to innovate; externally, customers can contribute valuable insight and opinion about product or service development.

Enhanced reputation

Your brand's success depends on its products and services living up to the claims that you make about them. If your service falls below the level your customers expect, they will be quick to react - and today that often means very publicly through the power of social. If you can respond to problems quickly, effectively and transparently, this can only work in your favour. And if your response and your content are right - i.e. helpful or entertaining, you can quickly become very visible experts and the go-to source for helpful information.

The End.....