



Small, Medium and Micro Enterprises: SMME4

LESSON 4

UNIT STANDARD: 10008

NOTES AND ACTIVITIES

Topic: Explain and discuss the purpose of a business plan

By the end of this lesson, you should be able to:

1. Define the concept business plan.
2. Name the purposes of a business plan
3. List different components of the business plan

WHAT IS A BUSINESS PLAN?

- Business plan is a detailed plan of action that sets out the nature and strategy of the business.
- A formal, written plan that gives a detailed description of how a business is going to achieve its goals.
- It includes information about the business's finances, and shows projections of how much money the business aims to make.
- A business plan is a road map that is used in order to keep the business in reaching its objectives
- Business plan is a formal written document, containing business goals, the methods how these goals can be achieved.



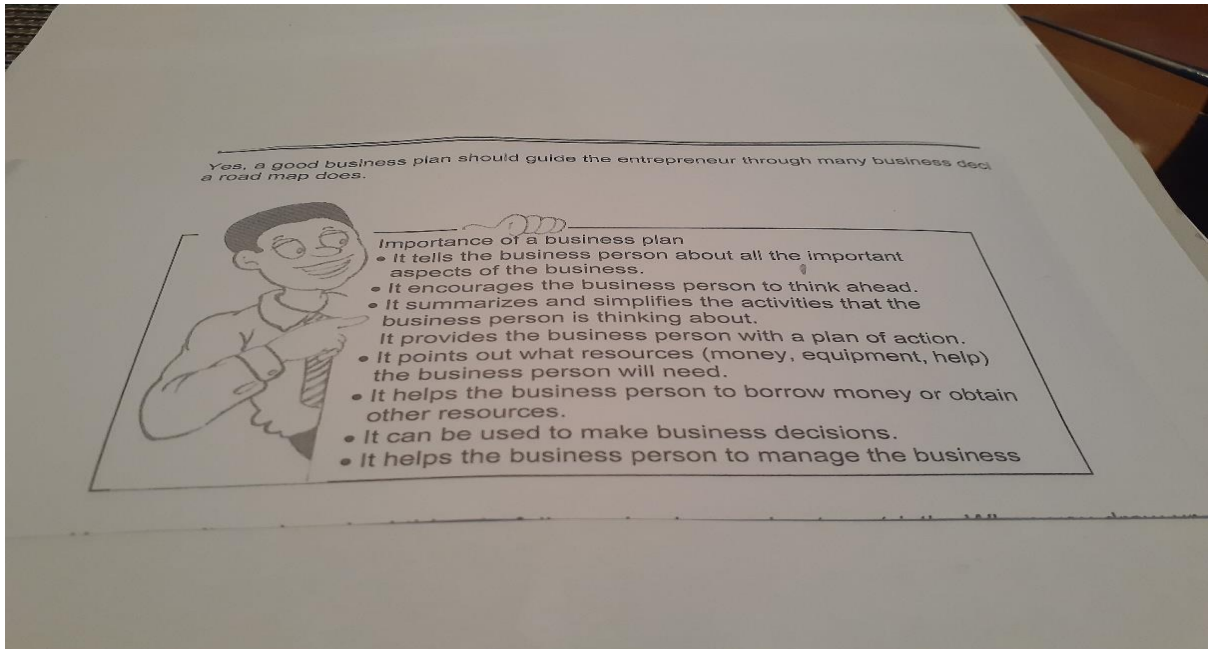
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THE PURPOSES OF DRAWING UP A BUSINESS PLAN





THE SCHEMATIC DIAGRAM BELOW PROVIDES THE SUMMARY OF WHAT A BUSINESS PLAN'S PURPOSE IS:

SUMMARIZES:

Market research
Needs of the business
The timing advantages of starting up

CLARIFIES:

Type of the business
How is going to function
What are key activities
+

IDENTIFIES:

Where the business is going in the future
What the partners want out of it
Responsibilities of the partners

OUTLINES:

Financial goals
Cash flow projections
Set-up costs
Risk management

COMMITMENT:

Creating good impression for possible
investors or future customers

THE PURPOSES OF DRAWING UP A BUSINESS PLAN

- To obtain finance from different institutions such as banks.
- To identify the opportunity, threats, strength and weakness of the business.
- To impress possible investors
- It encourages the entrepreneurs to think ahead
- It's a developmental tool
- It helps in making business opportunities
- It provides the entrepreneur with a plan of action
- Helps the business to stay focused and on track
- Clarifies the business model
- Assist in testing the business idea
- Helps the business to remember its goals



LIST OF THE COMPONENTS OF A BUSINESS PLAN

- Title page
- Introduction
- Executive Summary
- Marketing Plan
- SWOT Analysis
- Financial Plan
- Staff Structure
- Technical Plan
- Material Purchasing Plan
- Assessment
- Conclusion
- Appendices

INDIVIDUAL EXERCISE

1. What is a business plan?

(2)

2. Give Four purposes of a business plan.

(8)

2. List any Five components of a business plan_____



(5)

3. State whether the following are true or false. Put a crossing the correct block

		True	False
3.1	Market research is not mentioned in the business plan		
3.2	The plan mostly refers to the future		
3.3	In the plan, the entrepreneur makes a commitment to work harder		
3.4	The business plan states clearly where all the future finances will be coming from		
3.5	The executive summary should be included in the business plan		

(5)

Marks (20)



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LESSON 5

UNIT STANDARD: 10008

NOTES AND ACTIVITIES

Topic: Outline and analyze the components of a business plan

By the end of the lesson, you should be able to:

- 1. Explain in detail the different components of the business plan**
- 2. Completing start-up cost**

EXPLAINING DIFFERENT COMPONENTS OF THE BUSINESS PLAN

1. TITLE PAGE

- It is a front cover of a business plan and must have the following information: Business name, Business owner(s), Business logo & slogan, Business address and Contact details.

2. TABLE OF CONTENT

- It outlines all the content of a business plan and its page number.

3. EXECUTIVE SUMMARY

- It is a brief explanation of what the business is all about
- The description of products produced/ service rendered
- Capital needed and target market.
NB **Capital**-is the money that used to start a business
- Market size and growth opportunity
- Competitive advantage
- Executive team
- Financial projections

4. MARKETING PLAN

- Goals and objectives (what the business is selling)
- It identifies the 5ps of marketing mix i.e. place, product, price, promotion and people.
- It describes target market and their behavior.



- Research marketing tactics
- Gives an outline of how to market your products/service
- Set your marketing budget
- It identifies competitors and the competitive edge (strategy)

5. SWOT ANALYSIS

- Maps out the things that could the success of a business
- It analysis the business strength, weaknesses, opportunities and threats.

EXAMPLE:

Strength	Weakness
1. What is good about the business <ul style="list-style-type: none">• Experience in management• Experience staff• Good premises/ location• Quality product• Sufficient capital	2. What is bad about the business <ul style="list-style-type: none">• Premises too small• Lack of management skills• Insufficient capital• Inexperience staff• Products below standard
Opportunities	Threats
3. What factors in the external environment can benefit the business <ul style="list-style-type: none">• No competition in the area• Business expand or grow• Advance in technology• Enter into new market	4. What factors in the external environment can cause harm to the business <ul style="list-style-type: none">• Unreliable suppliers• Competition in the area• Strike in the area• Theft in the area• Increase in interest rate

6. FINANCIAL PLAN

- It outlines in detail the budget, capital , income statement, cash flow statement, start - up cost, income, expenses and profit of the business

Classification of costs

- Fixed cost- is a cost that does not change over the short period such as rent, salary, loan payment and insurance.
- Variable cost – is a cost that changes over the short period such as petrol, raw material, sales commission and labor costs.
- Sales- are number of goods or services sold in a given time.
- Cost of sales – are costs of purchased goods.
- Gross profit – is the profit a company makes after deduction.



- Gross income – is the amount of money the company earn before deductions.
- Net profit – is the profit after the deductions.
- Expenditure/ expenses – is an outflow of money to spend in order to buy or pay something.
- Profit- is the amount remaining after all costs are paid.
- **Start - up costs** - is the costs needed to buy equipment for the business to start operating

EXAMPLE: Start - up cost of a CAR WASH

Capital available R2000

Item	Price	Quantity	Total amount
Hover	R800	1	R800
20l bucket	R20	2	R40
5l sunlight liquid	R100	1	R100
Brush	R20	5	R100
Car polish	R250	1	R250
Cleaning cloth	R15	5	R75
TOTAL			R1365

Therefore capital – total cost=money available in the business
R2000-R1365=R635

EXAMPLE of an Income statement of a new hair salon

Income		
Sales		R21600
Rent income		R2500
Total income		R24100
EXPENDITURE		
Rent	R1000	
Salaries	R7000	
Material	R2500	
interest on loans	R375	
Telephone	R300	
Water and electricity	R600	
Total Expenses		R11775
Net profit		R12 325

NB Total income – total expenses=profit

7. STAFF STRUCTURE

- It describe in detail number of employees needed by the business.
- The jobs and responsibilities of each employee



-
- Training required
 - Salaries of employees
 - The reporting system(the supervisor or manager for each employee)

8. TECHNICAL PLAN

- It describes all essentials such as equipment, materials and structure of the business.

9. PRODUCT /SERVICE PLAN

- Describes the product or service
- It clearly describe how the business and its material from suppliers and name of the supplier.

10. ENVIRONMENTAL IMPACT PLAN

- It outlines how the business will impact the environment/ surroundings positively or negatively for example Hair salon negative impact because of littering
- Positive impact the business must ensure that the surrounding is clean at all time.

11. CONCLUSION

- The component indicates why your business will be successful, vision, mission and its goals/ objectives.

12. APPENDICES

- The component indicate the attachment in the business plan, the document needed are CV of the owner, references and photographs of equipment



INDIVIDUAL EXERCISE

1. Mention the 5Ps of the marketing mix

(5)

2. Explain what the executive summary is and state why it is important?

(5)

3. Identify Four impressions that you want to give people with your business plan

(4)



4. Complete the start- up cost for **Lami's Hair Salon**. NB :Lami has R12000 capital in the business account

ITEM	PRICE	QUANTITY	TOTAL AMOUNT
Hair dryer	R150.00	4	R600.00
Mirror	R50.00	4.3----- (4)	R200.00
Basins	R750.00	4	4.4----- (2)
Chairs	R40.00	10	R400.00
Combs	4.1----- (1)	10	R100.00
Brushes	R20.00	4	R80.00
Scissors	R40.00	5	R200.00
Towels	R100.00	10	4.5----- (2)
Relaxer	4.2----- (1)	2	R500.00
Shampoo	R200.00	1	R200.00
Conditioner	R200.00	1	4.6----- (1)
Hair food	R300.00	1	R300.00
Hair machine	R300.00	2	R600.00
Hair spray	R150.00	1	R150.00
Cash Register	R300.00	1	R300.00
TOTAL AMOUNT			4.7----- (2)



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5. Calculate money left in the business account after buying their start-up cost.

(3)

6.

Mr. Motlatsi is a property owner with 15 tenants in his complex. He is charging each tenant; R3500 per month. He pays R1200 for water; R1500 for security; R700 for insurance and R1000 for consumable stock. During lockdown, he donated R1500 to Relieve Fund in order to assist in helping the needy and vulnerable communities.

6.1 Prepare an Income statement to show if the business is making profit

(15)

Marks 45



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LESSON 6

UNIT STANDARD: 10008

NOTES AND ACTIVITIES

Topic: Presenting a business plan

By the end of the lesson, you should be able to:

- 1. Present a business plan**
- 2. Explain various presentation skills**

WHAT IS A PRESENTATION?

- A presentation is a term used to describe a meeting where the entrepreneur communicates his idea to the an audience of interested people
- Presentation is the process of presenting a topic to an audience such as presenting new ideas or products.

PRESENTATION SKILLS INCLUDES

1. Communication – is the imparting or exchanging of information by speaking
2. Appearance- is the way that someone or something looks
3. Body language – postures by which attitudes and feelings are communicated.
4. Answering of questions- being able to ask and answer questions.
5. Visual aid – are used to enhance a presentation like slides and sound.
6. Oral presentation- ability to present a topic to audience.
7. Ability to convey ideas- ability to present your ideas appropriately.
8. Tone and tempo – refers to the feeling and pace of your presentation.

PRESENTATION SKILLS

1. COMMUNICATION

- When communicating be confident and friendly
- Do not read directly to your business plan unless you wish to point a particular point.
- Know your facts well enough
- Include something about the benefit that others can share from making an agreement



2. APPEARANCE

- Project an image of a confident, respectable and a professional person
- Wear clothing that will make you feel comfortable
- Be polite, calm

3. BODY LANGUAGE

- Communicate the impression that the presenter wants the audience understand
- Do not show emotions
- Be relaxed
- Try to look people in the eye
- Convince the audience that the presenter is truthful
- Help the audience to understand the character and personality of the presenter

4. ANSWERING OF QUESTIONS

- Ability to answer question tells the audience that you know what you are talking about
- Listen carefully to the question and answer directly on the same topic
- Shows the audience how truthful the presenter is

5. VISUAL AIDS

- Printed copies of your business plan
- Sample of your products

6. ORAL PRESENTATION

- Determine the purpose of the presentation
- Know your audience
- Define the topic
- Arrange the material in such a way that it is understood by everyone

7. ABILITY TO CONVEY IDEAS

- Ability to present your ideas appropriately.

8. TONE AND TEMPO

- Try to speak loudly enough so that everyone can hear
- Do not scream
- Do not speak so fast , remember the aim is to be understood



GUIDELINES WHEN PRESENTING BUSINESS PLAN TO POTENTIAL INVESTORS

- Know who your potential investors are
- Know all aspects about your product
- Know all aspects about your market
- Know what is going on in the business
- Be confident and speak clearly
- Speak in a language which you are comfortable with
- Use terminology which you are familiar with
- Always start with an introduction and finish with conclusion
- Make cue cards to help you remember important points of your presentation
- Be prepared for questions and answers
- Keep your presentation short and to the point

INDIVIDUAL EXERCISE

1.

Lami submitted her business plan to one of the prominent businessperson around the area. After a week, she was invited to make a presentation of her business plan. During the presentation, she was audible and confidence in answering the questions. Her gesture left most of the panel members so impressed.

2. Give Three presentation skills that Lami used

(3)

3. Name and Explain any TWO presentation skills not mention in the above scenario



(4)

4. Encircle a skill that is important when presenting a business plan
- A. Ability to managed
 - B. Creating jobs
 - C. Ability to convey ideas
 - D. Having a marketing plan

(2)

5. Name Five components of making a good impression in a business presentation

(5)

6. Complete the following sentences by using a word (s) from the list below

Visual aids; body language; logo; entrepreneur ; tone and tempo

- 6.1 Controlling one's voice when presenting

(2)

- 6.2 Handing out brochures and samples of products to the audience

(2)

- 6.3 A skill needed when presenting a business plan

(2)

7. State whether the following sentences are true or false. Put a (X) in the correct block



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		TRUE	FALSE
7.1	When presenting use terminology that you are not familiar with		
7.2	Keep your presentation short and to the point		
7.3	Always start with conclusion and finish with an introduction		
7.4	Oral presentation is a presentation skill		
7.5	Cue cards help you to forget important point of your presentation		

(5)

Marks 25

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