What is a business plan?*

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1 ECONOMIC AND MANAGEMENT SCIENCES

2 Grade 6

3 THE BUSINESS PLAN

4 Module 7

5 WHAT IS A BUSINESS PLAN?

"Plan your work and work your plan. If you fail to plan, you plan to fail."

Ancient entrepreneurial truth

It is true that many successful business people managed to develop successful businesses without much planning. If they could do it, we might also manage it.

Let us look at the simple example of having a barbecue. It may be possible to braai without any equipment, but to do so with the help of a grid and a pair of braai tongs is much easier and certainly less painful. Using the appropriate tools simply improves our chances of success.

6 WHAT IS A BUSINESS PLAN?

It is a document drawn up by an entrepreneur to indicate **the nature of the business** and **the steps to be taken to develop it into a successful business**. It is like a textbook or road map against which an entrepreneur can measure or test himself/herself continually to determine whether he or she is on the right track. There are three particular reasons why it is important for such a businessperson to draw up a sound business plan.

- It gives the prospective businessperson an idea of whether he/she actually wants to become involved with the specific type of business.
- The business plan should indicate danger zones.
- It serves as a continuous measure for the entrepreneur to control whether he/she is on track.
- It is a useful document for external parties, like banks, to determine whether they want to / can become involved with the business.

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7 WHAT INFORMATION SHOULD BE SUMMARISED IN A BUSINESS PLAN?

A business plan should provide basic answers to the following questions:

Who would be interested to pay for the product or service?
Why should they want to have it?
How would the product or service be promoted?
What will the marketing costs be?
Who will produce/deliver the product/service and what will the costs be?
How would the business be organised and managed?
Where would the money be obtained to start the business?
Will the business be profitable?

8 Assessment

Learning Outcomes(LOs)
LO 4
ENTREPRENEURIAL KNOWLEDGE AND SKILLSThe learner will be able to demonstrate entrepreneurial knowledge, skills and attitudes.
Assessment Standards(ASs)
We know this when the learner :
4.2 identifies a variety of possible business opportunities in the community (school co-operatives, sports, entertainment, tourism);
4.3 designs an advertising campaign to promote a product that will generate a profit;
4.4 participates in a fair or market day at school or in the community to practice and apply entrepreneurial knowledge and skills;
4.5 describes how the four elements of the marketing mix are combined in a simple business activity.

Table 1