



WRITING A BUSINESS PLAN

A step by step guide

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Surname and First name	
ID Number	
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Date	

- 1) A Business is an **ACTIVITY** operated for the purpose of earning a **PROFIT** by providing a **PRODUCT** or **SERVICE** to **CUSTOMERS**.

Based on the definition, describe your business:

- 2) The name of my business is

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- 3) **PROFIT** is the amount of money that remains after subtracting the cost of production from the money earned from sales.

How much PROFIT will you make?

QUICK TEST	
COST OF PRODUCT/SERVICE	
INCOME FROM PRODUCT/SERVICE	
PROFIT = (INCOME - COST)	

Does your idea make profit or loss?
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- 4) Business can be categorized according to their activities. Tick the category type that best describes your business:

1) RETAIL - selling goods direct to consumers	
2) SERVICE - provide labour that adds value for a customer	
3) MANUFACTURING - make a finished product from materials	
4) PROCESSING - convert raw materials into a finished product	
5) AGRICULTURE - grow crops or rear livestock for sale	

- 5) ADDING VALUE is when you improve a PRODUCT or SERVICE in a way that CUSTOMERS are willing to pay more for it.

How can you add value to your product/service? (example: you can sell an egg for R2, but if you boil it you can sell it for R4)

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- 6) There are 4 things that are required in all businesses:
- INPUTS – these are the items that are “put in” for the PRODUCT or SERVICE to be made or produced.
 - OPERATIONS – these are the various activities that must be carried out for the business to run.
 - MARKETING – these are the activities related to linking the business products to customers.

For your business, describe the required:

INPUTS	
OPERATIONS	
MARKETING	



- 7) Business management involves:
- PLANNING – all business activities
 - BUYING – the right materials/INPUTS
 - CAREFULLY SPENDING - wisely, buying quality
 - SAVING – money for business needs
 - RECORD-KEEPING – of business FINANCE, SALES, PROFITS, EMPLOYEES etc.
 - MEETING CUSTOMER NEEDS.

- 8) Running a business is not easy. Do you have the following qualities to succeed?

Willingness to sacrifice time and money for the business	
Good people skills	
Good leadership	
Good organization	
Make careful decisions	
A good manager	
Have experience - or willing to learn	
Committed to success	

- 9) In order to make money you need to sell your PRODUCT or SERVICE. You need to therefore MARKET your PRODUCT or SERVICE. The first step is to understand exactly what your PRODUCT or SERVICE is.

Write down a description of what your PRODUCT or SERVICE is.	
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Tip: If you just produce honey, you will make money once or twice a year. If you also produce broiler chickens, you will make money every 6 weeks. If you produce eggs and vegetables, you can make money every week. It is therefore a good idea to produce more than one type of agricultural PRODUCT so that you can earn money on a more regular basis and have a healthy CASH FLOW. We will discuss FINANCIAL MANAGEMENT later to help you have a healthy CASHFLOW.

- 10) A successful business person understands what their PRODUCT is, who their CUSTOMERS are and who their COMPETITION is.

Who is your competition?	
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11) A successful business person also seeks INFORMATION in order to continue meeting the customer's needs. A viable (good) market is if there is a DEMAND for your PRODUCT or SERVICE:

- a. If the customer NEEDS what you are selling.
- b. If the customer is ABLE to buy what you are selling.
- c. If the customer is WILLING to buy what you are selling.

Describe in the blocks below what types of customer NEEDS, are ABLE and are WILLING to buy your PRODUCT or SERVICE.	
Who NEEDS what you are selling?	
Who is ABLE to buy what you are selling?	
Who is WILLING to buy what you are selling?	

12) When selling agricultural products, like honey, eggs, broiler meat or vegetables, there are three types of market: 1) Direct to customers, 2) To a wholesaler, 3) To a retailer.

Write down examples of who your markets are for:	
CUSTOMERS	
WHOLESALERS	
RETAILERS	

13) RECEIPTS are slips that record that money was received for receiving a PRODUCT or SERVICE. If you buy something from someone, you must ask for a RECEIPT and if you sell something to someone, you must give them a RECEIPT. You must always keep a copy of RECEIPTS that you give to others and the RECEIPTS that you receive from others. They are like mini-contracts. If there are ever disputes in the future, you can look to see what the RECEIPT said. A RECEIPT must have the following information:

- a. RECEIPT number and Date
- b. Name of person/business received from
- c. Name of person/business who received
- d. Description of what money was received for
- e. Amount received
- f. Signature

14) Production information for the first year:

What length of time is my production cycle in weeks/months	
How many cycles is a year?	

15) COST is all the expenses related to producing what you will sell. Equipment, tools and supplies needed to operate my business.

List all the equipment/tools needed to operate the business:

Equipment / Tools	Quantity	Do I have?	Need to Buy?

16) Steps to set up my business:

Describe Step	Explain all parts of this step



17) Steps in the production and running of my business:

Describe Step	Explain all parts of this step



18) Start up and investment

What tools/equipment do I already own that I can use to start the business?

Item	Quantity

What tools/equipment do I still have to buy to start the business?

Item	Quantity	Supplier	Value
			R
			R
			R
			R
Total start-up costs			R



19) Business running costs

The cost of running my business for one cycle at _____ weeks/months per cycle are:

Expenses		Details	Supplier	Quantity	Price	Total Cost
1	Inputs				R	R
					R	R
					R	R
					R	R
					R	R
					R	R
2	Transport				R	R
					R	R
					R	R
	Electricity / Fuel / Firewood				R	R
	Rent for business				R	R
	Marketing				R	R
3	Loan payment				R	R
	Savings				R	R
	Other				R	R
4		Total cost per cycle				R

20) Total money required to start a business and produce the 1st cycle

Cost	Value
Tools/equipment I need to buy	R
Business running costs for 1 cycle	R
Total	R

I will get that money from the following sources:

Source	Value
From my savings	R
From my family	R
Loan from:	R
Other:	R
Total	R



Estimated Sales

Item	Quantity	Selling price	Total sales
		R	R
		R	R
		R	R
Total Sales per Cycle			R

- 21) Cash flow (money in and out) per cycle BALANCE SHEET – A clever business person keeps a BALANCE SHEET to see how their CASH FLOW looks. Every transaction (i.e. CASH IN or CASH OUT) should be recorded in the BALANCE SHEET in the following way:

DATE	DETAIL	MONEY IN	MONEY OUT	BALANCE
Balance from previous month				R
		R	R	R
		R	R	R
		R	R	R
		R	R	R
		R	R	R
		R	R	R
		R	R	R
		R	R	R
		R	R	R
		R	R	R
		R	R	R
		R	R	R
		R	R	R
		R	R	R
Balance at the end of the month				R

- 22) CASH FLOW is the amount of money you have in your business. If you spend a lot of money and you don't have enough money to pay expenses, then you have a NEGATIVE CASH FLOW which is very dangerous and your business might collapse. If you have more money flowing into your business than the costs, then you have a POSITIVE CASH FLOW and you will be able to pay expenses without endangering your business. It is therefore very important to plan your business in a way that you have a POSITIVE CASH FLOW.
- 23) In order to know how much CASH IN and CASH OUT you need to keep records to see if you are making a PROFIT or LOSS.
- 24) RECORD KEEPING enables you to make good business decisions. You will know:
- g. How much has been invested in the business.
 - h. How much is earned from selling.

- i. How much money you owe.
- j. How much is owed to your business.
- k. When you need supplies.
- l. How much cash is on hand.
- m. If your business is making a PROFIT or a LOSS.

25) RECORD KEEPING shows CASH IN and CASH OUT.

CASH IN	CASH OUT
Sales	Materials/supplies
Loans	Electricity/fuel
Grants	Transport
Owners savings	Equipment/tools



26) Possible risks and problems

What are possible risks or problems that could affect my business? In the table below I have completed the change that could take place and affect my business (For Example: climate change, fire, legal issues).

Risks	How can they negatively affect my business	How can I reduce the effects on my business