**BUSINESS PLAN DEVELOPMENT ( BPD)**

The BPD evaluates the mini company possibilities. It includes all the basic aspects on the economic, financial and technological means. The BPD is only good intentions unless it entails hard work immediately. A company policy is a summary of goals and objectives and the strategies to reach them.

List to organize a mini company

1) Develop a production plan including:

□ List of materials and equipment needed

□ Cost of materials

□ Production goals and activity timetable

□ Quality control process description

2) Develop a marketing plan including:

□ Sale strategies and distribution

□ An advertising strategy

□ Sale goals, incentives and timetables

3) Develop a pricing strategy and fix a price for the products/services

4) Develop a financial plan including:

□ a project of incomes

□ capital needs

**PRODUCTION PLAN**

The key is to control how the objectives are being achieved in order to take the necessary measures to avoid improvisation

**Preliminary Business Plan**

Answering these questions will you a preliminary company policy for the production and sale of the initial product or service.

1) What is the initial product or service?

2) Who could be more interested in buying the product or service? For example, secondary students, people who like cooking, football fanatics, teachers, etc.

3) How much do you think these people are willing to pay for your product/service?

4) Now the big question: Will your suggested price cover the material and work costs and other costs?

4a) What is the total cost per unit of the product/service?

4b) Does your suggested price cover the unit cost?

□ Yes □ No

If it doesn’t cover it it would be better to reconsider your price, otherwise the company will lose money in each sale. If it covers it, will the other costs be covered? This is a difficult question to answer if we do not have more information. But if you follow the next instructions your mini company will generally cover the operating, work and material costs.

Material costs Sale price

1 2

3 5

5 8

10 15

4c) If you are grounded on this information, what price would you recommend?\_\_\_\_\_\_\_\_\_\_€

5) We are about to finish! We still need the production and sale goals.

-What is the difference between the sale price and the material cost per unit?

-How many units will your company have to sell to cover the total cost of materials?

In order to cover all your costs, multiply that number by 1.5. This will be your production and sales goal.

-Are these reasonable goals?

-How many units will each company member have to sell?

**A Business Plan** has 5 basic points:

1) **Executive Summary**. It is a brief introduction to the business:

a) Basic characteristics of the product or service and the market target.

b) What we do and how we do it, fill needs and differences with other similar competitive products.

c) Where to market and growth prospects of the product.

d) Key success factors affecting consumer purchase intention.

e) Business direction: decision making process, direction skills,…

2**) Production Plan**. The key question is to control how the objectives are being achieved in order to take the necessary measures to avoid improvisation.

Here you have to stress on all technical and organizational aspects taking part in manufacturing the product or service production. Production Direction: business progress control, production and sale of the product or service. It deals with three main aspects: productivity, quality and environmental respect.

a) Manufacturing process description: give details about where to buy raw materials, how and where they are transported, how they are stored and used in the manufacturing process, and what this process is consisted of.

b) Location of your business premises and facilities. When you are starting out, it may be possible to operate your business from home until you become more established, especially if you provide a service.

c) Equipment and machinery needed.

d) Production costs.

e) Subcontracting other companies to take part in the production process. Subcontractors do a partial work to another company. You can use subcontracting both ways, to have subcontractors work for you to fabricate components of your finished product or service, or for you to act as subcontractor for other manufacturers.

f) Quality control.

g) Other controls to guarantee the efficiency of the product or service and meet or exceed customers’ expectations.

3) **Marketing Plan**. A marketing mix to improve your commercialization strategies (product, price, place or distribution and promotion).

a) Market Analysis:

-a description of the industry sector and the position we hope to achieve.

-the most important competitors and market positioning of them.

-how is my product or service different to those offered by my competitors?

-why will customers purchase the product or service from me rather than my competitors?

-are there any barriers to me entering the market?

-what makes my competitors successful?

b) Marketing Strategy:

-define the market target and the market-oriented pricing strategies.

-to do an advertising plan and how the product or service is going to be distributed.

- sales strategies. -steps to close a sale.

4) **Human Resources Plan**. It includes the company organization chart and a brief description of the posts of each employee and how much you are going to pay every one. Human resources direction:

a) Staff policy: staff problems, how to prevent them, problem solving process, social responsibility of the business, jobs, salaries and organisation.

5**) Financial Plan**. Finances Direction: company economic balance, financial risks. Shareholders, bankers and investors will be particularly interested in the financial needs of your business. They will want you to do a short or medium term income statement study to estimate profitability and check the financial feasibility of your business. An income statement is an accounting scorecard on the financial performance of your business that reflects quantity of sales, expenses incurred and net profit. It illustrates just how much income your company makes or loses during the year subtracting cost of goods and expenses from total revenue ( the amount of money that a company actually receives during a specific period) to arrive at a net result, which can be either a profit or a loss.

**Winding up or Liquidation**. It is a formal and legal process of dissolving a business, ending its corporate existence, by selling off its assets and paying the creditors from the proceeds of the sale. This process is initiated either by shareholders ( voluntary liquidation) or by the creditors after obtaining court’s permission (compulsory liquidation).

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