

Domain	ENTREPRENEURSHIP	Unit ID: 734
Title:	Develop a business plan as part of business start up activities	
Level: 3		Credits: 12

Purpose

This unit standard specifies the competencies required to develop a business plan as part of business start up activities. This includes identifying rationale for proposed business; developing a marketing strategy; a production strategy; an organisational strategy; and a financial strategy as part of a business plan; and developing an operational action plan for the business. This unit standard is recommended for all national Vocational Education and Training programmes and qualifications.

Special Notes

1. This unit standard is to be delivered and assessed in the context of entrepreneurial activities and should be assessed in conjunction with other relevant technical unit standards selected from this domain.
2. Assessment evidence may be collected at a real workplace or an appropriate simulated environment in which entrepreneurial operations are carried out.
3. '*Specifications*' refers to any, or all of the following: manufacturers' specifications and recommendations, workplace specific requirements.
4. The term '*strategy*' in this unit standard is used interchangeably with "plan".
5. Glossary:
 - '*Business plan*' refers to a road map for the entrepreneur's ideas about starting and operating a business; a guide when implementing the plan. A business plan is also useful to stakeholders such as employees, bankers, financiers and business partners.
 - '*Marketing strategy*' refers to the identification of prospective customers and their needs, translating business ideas into practice and generating revenue from them. The marketing strategy includes pricing, promotion, location; product; distribution channel; customer care; after-sales service.
 - '*Production strategy*' refers to an analysis of projected requirements for producing or procurement of goods and services that the business intends to market in accordance with its marketing strategy.
 - '*Organisational strategy*' involves the development of an organisational and management plan which is the frame around which people, machines, equipment and all physical parts of the business (marketing and production strategies) are put together. The basic areas include organisation structure and people required to fill them, their tasks, business administration,

specific knowledge and skills required, their payment and benefits, and support services required.

- *'Financial strategy'* covers the financial requirements of the proposed business as implied by the marketing, production and organisation strategies and action plan. It includes projections of income and profit, balance sheet and cash flow required by the proposed business as well as the possible sources of the funds required, and the break even analysis.
- *'Action/operational plan'* refers to a document that guides an entrepreneur to remain focused when implementing the business plan.

6. Regulations and legislation relevant to this unit standard include the following:

- Labour Act, No. 11 of 2007
- Social Security Act, No. 34 of 1994
- Affirmative Action Employment Act, No.29 of 1998
- Transformation on Economic Social Empowerment Framework (draft Broad-based Black Economic Empowerment policy April 2008)
- The Employee Compensation Amendment Act, No. 5 of 1995
- Competition Act, No. 2 of 2003
- Closed Corporation Act, No. 26 of 1988
- Local Authorities Act, No. 23 of 1992
- Decentralisation Enabling Act, No. 33 of 2000
- Public Service Act, No. 13 of 2005
- Public Service Commission Act, No. 2 of 1990
- Regional Council Act, No. 22 of 1992
- State Finance Act, No. 31 of 1991
- Financial Intelligence Act, No. 17 of 2007
- Namibian Financial Services Charter (NFSC)
- Liquor Act, No. 6 of 1998
- Nature Conservation Ordinance, No. 4 of 1975
- CITES 1 and 2
- Diamonds Act, No. 13 of 1999
- Minerals Development Fund of Namibia Act, No. 19 of 1996
- Minerals (Prospecting & Mining) Act, No. 33 of 1992
- Petroleum Products and Energy Amendment Act, 2000
- National Energy Fund Act of 2000
- Gas Act (Draft 2b)
- Petroleum (Exploration and Production) Amendment Act, No. 2 of 1993 s
- Electricity Act, No. 2 of 2000
- Water Resources Management Act, No. 24 of 2004
- Road Traffic and Transport Act, No. 22 of 1999
- Road Traffic & Transport Regulation of 2001

- Public Health Amendment Act, No. 45 of 1976
 - Occupational Health and Safety Regulations No. 18, 1997
- and all subsequent amendments.

Quality Assurance Requirements

This unit standard and others within this subfield may be awarded by institutions which meet the accreditation requirements set by the Namibia Qualifications Authority and the Namibia Training Authority and which comply with the national assessment and moderation requirements. Details of specific accreditation requirements and the national assessment arrangements are available from the Namibia Qualifications Authority and the Namibia Training Authority on www.nta.com.na

Elements and Performance Criteria

Element 1: Identify rationale for proposed business.

Range

Justifying personal motivation, ability and business viability may include the use of SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis tool.

Performance Criteria

- 1.1 Objectives, vision, mission of proposed business are explained and recorded to guide business operations and activities.
- 1.2 Business values and beliefs relevant to the business are identified and recorded.
- 1.3 Proposed profile of the business is outlined.
- 1.4 Benchmark goals are documented and checked for realism in terms of internal and external environmental factors.
- 1.5 Personal motivation and ability of entrepreneur are justified.
- 1.6 Capability of the proposed business in terms of technology, research, development and financial status is outlined.
- 1.7 Capability of the proposed business in terms of staff, equipment, tools, facilities, operational systems is assessed for strengths and weaknesses.

Element 2: Develop a marketing strategy as part of a business plan.

Range

Marketing research may include but is not limited to: service and product requirements; possible position and opportunities of the business; market segments; market size, growth, and expected market share; customer needs and buying patterns; other market forces; current market prices of similar products; possible prices that the market can afford, possible price range of products or services offered.

Opportunities may include but are not limited to: market segments; customer needs; buying patterns; other forces; market size; growth and expected market share; position of competitors; analysis of the product and its value to the consumers; current market prices of similar products; prices that the market can afford; possible price range of products or services offered; expected sales volume; business product promotion strategies; estimation of the marketing costs.

Sources may include but are not limited to: suppliers and current or potential clients; relevant authorities, government departments and institutions; representatives of other enterprises and organisations; industrial relations and Occupational Health and Safety (OHS) specialists.

Legislation and regulatory requirements for business ownership may include but are not limited to: sole proprietorship; close corporation; partnerships; cooperatives; private and public limited companies.

Key performance indicators may include but are not limited to: preparing strategies to achieve business unit objectives in the short, medium and long term.

Performance Criteria

- 2.1 Marketing research is conducted using market research tools, and results are documented in a report.
- 2.2 Potential profitable opportunities and target markets for proposed business are identified from sources and documented.
- 2.3 Proposed goals and business focus on specific target markets, pricing, sales and appeals are defined.
- 2.4 Service and product delivery are planned to satisfy potential customer expectations; including identifying product or service value to consumers and ways of satisfying customer needs.
- 2.5 Relevant legislation and regulatory requirements for business are identified and incorporated into marketing plan.
- 2.6 Competitors operating in the industry and their position and market share are identified.
- 2.7 Appropriate methods of promotion, distribution channels and points of sale are identified.
- 2.8 Potential impact of business on market is recorded and projected change in market and/or services during the life of the plan is projected.
- 2.9 Key marketing performance indicators, including expected sales are estimated and established.
- 2.10 Marketing expenses are estimated.
- 2.11 Contingency plans are developed in the event that marketing objectives need to be varied.

Element 3: Develop a production strategy as part of a business plan

Range

Processes may include but are not limited to: manufacturing; retail; procurement.

Performance Criteria

- 3.1 Required site or location for the business is identified.
- 3.2 The processes for producing or procuring the business products or services are identified and selected.
- 3.3 The machinery, equipment and tools to produce the required products or services are identified and their specifications are determined.
- 3.4 The quantities that can be produced and services delivered within specified timeframes are estimated.
- 3.5 Raw materials with which to produce the goods and services are identified in accordance with business requirements.
- 3.7 Cost of the products to be produced and sold as applicable is estimated and calculated.
- 3.8 Procurement plans are drawn up.
- 3.9 Labour and other support services required are identified and estimated in accordance with business requirements.

Element 4: Develop an organisational strategy as part of a business plan

Performance Criteria

- 4.1 The organisational structure needed by the business is developed, including describing the tasks of the different organs in the organisational structure.
- 4.2 Roles, responsibilities and tasks to be performed by different parts of the business operations and different individuals are defined.
- 4.3 Skills and knowledge required of the staff for different positions in the organisational structure are established.
- 4.4 Payment and benefits for business staff in different positions in the organisational structure are determined.
- 4.5 Resources and support facilities required by different organs in the business organisational structure to meet identified opportunities for business operations are identified and agreed upon.
- 4.6 Developments in technologies predicted within the lifetime of the business plan are evaluated and analysed.

- 4.7 Costs of making operational adjustments in relation to existing and new business to influence improved profitability and positioning are reviewed.
- 4.8 Basis for decisions is documented, potential circumstances which may alter the environment are identified and contingency provisions are made.

Element 5: Develop a financial strategy as part of a business plan.

Range

Business expenses may include but are not limited to: marketing; production; stock; overheads.

Performance Criteria

- 5.1 The total cost to set up the business is estimated.
- 5.2 The sources of funds to start up the business are identified.
- 5.3 Business expenses are estimated.
- 5.5 Projections of profit and loss; income statements per quarter and break-even point are projected for the business and individual cost centres.
- 5.6 The business' cash flow position is projected.
- 5.8 Bank requirements are established and followed.

Element 6: Develop an operational action plan for the business.

Performance Criteria

- 6.1 Major business activities are identified, including determining the timeframe for implementation.
- 6.2 Resources required for implementing the major business activities are determined.
- 6.3 Responsible persons to handle the implementation of specific business activities are identified.
- 6.4 Finalised business plan including performance indicators is prepared in accordance with business requirements and circulated to stakeholders.
- 6.5 Questions and feedback from stakeholders are responded to promptly and, where appropriate, incorporated into the plan.

Registration Data

Subfield:	Business Development
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