

## Lesson Plan 9

### Topic: Planning is essential

#### Brief description of activities:

The necessity to plan business activities is an essential part of running own company and that is why the first step a potential entrepreneur should take is to organize business objectives we set ourselves and to sketch tasks resulting from it. So, it is essential to prepare a business plan – a document which should be prepared thoroughly so that we can analyse the success of undertaken activities and achieve set goals more easily. In this workshop students design a business plan for a hypothetical business activity. While working in groups they have a chance to use their creativity to solve a given problem and share information. As a result a seemingly very difficult task turns out to be quite an easy one.

#### Objectives: students:

- list situations in which it's essential to design a business plan
- characterize business environment
- describe the role of a business plan in a company
- can write a simplified business plan
- understand the importance of creating a business plan
- understand the necessity of designing a business plan thoroughly
- predict causes and effects of own business activities

#### Methods and techniques:

- a talk
- student worksheet
- group work

#### Materials and Tools:

- self-stick notes
- large sheets of paper
- coloured felt-tip pens
- Business Plan Worksheet (Appendix 9.1)
- computers with the Internet access

#### Preparation for classes:

- a teacher prepares necessary materials and prints out Business Plan worksheets (Appendix 9.1)

#### Class duration: 3 hours

#### Class activities in brief:

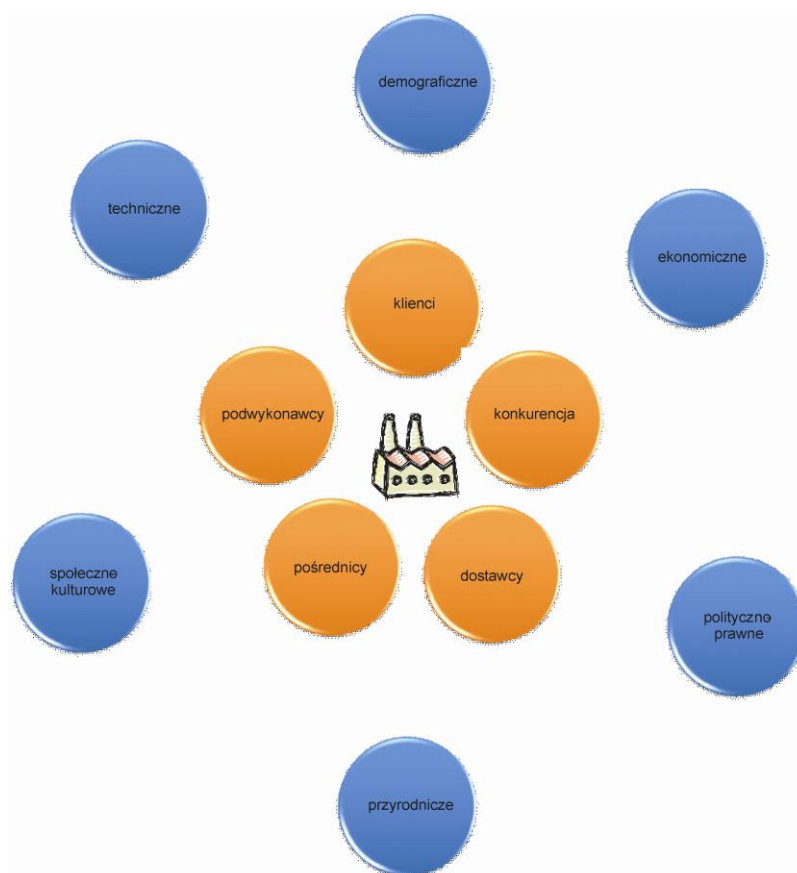
1. Having welcomed the students suggest doing an exercise called "Ideal future for my company". Divide students into groups of 4-5 and hand out sheets of paper and felt-tip pens. Ask them to prepare a short comic-strip presenting a concept of an ideal company. Set a time limit of 20 minutes. While completing the activity each group should agree on an ideal picture of a company and what should be done to achieve it. After completing the task groups present their results to others. Students choose the best company by voting.
2. Explain that the first part of the workshop showed an idealized and often unreal picture of a company. In reality a company is influenced by many factors which can either a positive or a negative effect on its performance. Ask students to list all such factors, phenomena, circumstances on self-stick notes (each factor on a separate note). Explain that economists divide all indicated factors depending on their strength and influence on microenvironment and macro environment. Briefly characterize micro and macro environment. **Microenvironment:** factors or elements

in an organization's immediate area of operations that affect its performance and decision-making freedom. These factors include competitors, customers, distribution channels and the general public.

**Macro environment:** external and uncontrollable factors that influence an organization's decision making and affect its performance and strategies. These factors include:

- demographic factors – sex, age, birth rate, population density or household structure;
- economic factors – level of economic development, distribution of people's income, tendency to save, debts and availability of credits (both for individuals and companies);
- political and legal factors – regulations and the areas they cover, government interference in a given business activity;
- environmental conditions – availability of raw materials, ecological conditions, costs of energy acquisition, requirements concerning natural environment, climatic factors;
- social and cultural conditions – traditions of a given country, level of citizens' education, cultural diversity, ethical and moral norms observed;
- technical factors – technological development, attitude towards innovations introduced;

3. Draw a circle on the board which represents an organization and ask students to stick their self-stick notes on proper places, deciding at the same time whether a given factor belongs to micro or macro environment. Compare students' work with the following: \*



\*blue buttons in a clockwise direction: demographic, economic, political and legal, environmental, social and cultural, technical

orange buttons in a clockwise direction: clients, competition, suppliers, middlemen, subcontractors.

Emphasize that fact that every organization is influenced by external factors so when we start and run our business activity we need to take them into consideration. We use business plan to do that.

4. Discuss rules for designing a business plan. You may use materials included in Appendix 9.2

5. Explain that in next stages of a workshop, students will design a business plan for a chosen company/organization. It can be a school shop – a retail catering with two employees. It should offer sandwiches, snacks, fruit, salads, etc. Write a list of products on the board. Remember about defining amount of money that a businessman has (e.g. €4000). Tell students that they will be working in groups which will have to work on certain elements of a business plan, according to a Business Plan Worksheet (Appendix 9.1). Divide students into 6 teams. Each team should be given felt-tip pens and a large sheet of paper. Make sure that students have the Internet access.
6. Each group presents their work by sticking the sheets on the board. To sum up the workshop help students prepare a summary of a business plan.

Prepared by Katarzyna Garbacik

**Business Plan Worksheet**



Your task is to prepare a part of a business plan which will include:

**Company Characteristics**

You should take the following into consideration:

- a short company history
- objectives and mission,
- legal status,
- competitiveness of an offer
- company's assets,
- sources of financing,

Write your answers on a large sheet of paper. You have 10 mins to complete the task.



Your task is to prepare a part of a business plan which will include:

**SWOT Analysis**

You should take the following into consideration:

- company's strengths
- company's weaknesses
- opportunities that should be used in business environment,
- threats that might hinder business activity

Write your answers on a large sheet of paper. You have 10 mins to complete the task.



Your task is to prepare a part of a business plan which will include:

**Marketing Plan**

You should take the following into consideration:

- a detailed description of an offer,
- description of a target market
- description of competitors
- description of distribution,
- pricing strategy
- promotion

Write your answers on a large sheet of paper. You have 10 mins to complete the task.



Your task is to prepare a part of a business plan which will include:

**Management Plan**

You should take the following into consideration:

- a plan for the first year of business activity,
- description of tools and methods used to motivate employees,
- decisions connected with delegating some tasks to other entities

Write your answers on a large sheet of paper. You have 10 mins to complete the task.



Your task is to prepare a part of a business plan which will include:

**Organization Plan**

You should take the following into consideration:

- employment plan,
- distribution of tasks,
- professional experience of employees,

- working time

Write your answers on a large sheet of paper. You have 10 mins to complete the task.



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Your task is to prepare a part of a business plan which will include:

**Financial Plan**

You should take the following into consideration:

- costs and estimate revenues
- break-even point

Write your answers on a large sheet of paper. You have 10 mins to complete the task.



## Appendix 9.2

### Elements of a Business Plan

There is not a uniform template for a business plan which one should use or follow. Depending on our goal or business activity we want to start, our business plans will differ in size and structure. Some entities like banks which give grants have their own forms which we have to use.

The most common structure of a business plan

1. Executive Summary
2. Company Description
3. SWOT Analysis
4. Marketing Plan
5. Management Plan
6. Organization Plan
7. Schedule of main activities
8. Financial Plan

*Executive Summary* should be placed at the very beginning of a business plan, yet it should be created when other parts have already been completed because it is easier to collect most important information and conclusions this way.

It should contain the following: objectives, short presentation of a company and strong arguments to convince the reader your objectives will be achieved

*Company Description* should cover basic information about your company, such as a name, organizational and legal frame, registered address, telephone number and scope of activity (whether a company produces goods, sell them only or provides services). We also describe owners, their business career and shares in company capital.

*SWOT Analysis* involves specifying the objective of the business venture and identifying the internal and external factors that are favourable and unfavourable to achieve that objective. It defines what company represents and what is its place among competitors but also analyses relations with microenvironment and macro environment. It should consist of four basic elements:

- strengths
- weaknesses
- opportunities that should be used in business environment,
- threats in the environment

The first two elements concern a company as such – it is an internal analysis. The last two refer to elements of environment, so it is an external analysis.

*Marketing Plan* should consist of product and target market characteristics. It's worth justifying why a given product or market has been chosen. What is more, we should describe competitors, pricing strategy, promotion and distribution plan.

*Management* part should include description of the following elements:

- planning – both long-term plans (for 1-5 years) and short-term ones (up to 1 year) should be discussed;
- motivating – description of tools and methods used to motivate employees, so that they perform their tasks according to superiors' expectations;
- controlling – what a control system looks like in accompany.

*Organization Plan* should be mainly devoted to people forming a company. It should include an organization structure with a detailed description of management staff and their competence and experience. We should describe employment plans, working time and rates at different positions.

*Schedule of main activities in a company* should cover basic objectives and tasks, how long it will take to complete them and who will be responsible for that.

*Financial Plan* should consist of basic financial documents, i.e. balance sheet, profit and loss account and cash flow statement.

While creating a business plan we should remember about this basic rule, namely we should write truth and not create fiction. Certainly, when we prepare this document before starting business activity it is more complicated as we only create a simulation of company functioning but even though we should stick to market reality.

(Source: K. Garbacik, M. Żmiejko, *Przedsiębiorczość na czasie*, WSPWN)