

The Business Planning Process



1. Outline the aim of a business plan.

The aim of the business plan is to provide a framework which consists of goals, options, implementation and strategies on which employers or employees could base their acts upon. Furthermore, business plan is also a tool which could be used in decision-making processes as well as evaluation of the business.

2. Distinguish between the roles of strategic, tactical and operational plans.

The main role of strategic planning is to set the main objectives of the business with respect to its positioning in the future and therefore is considered to be long-term planning. Tactical planning involves the planning on how things or certain processes would be done in a medium-term time frame. Moreover, operational plans devise ways to implement the business's strategic and tactical goals in its daily activities.

3. Patricia runs an antique and pottery shop in Bellingen, a country town near Coffs Harbour in northern New South Wales. Her daughters buy the stock for her shops at auctions around the country. A friend does all the advertising material. Her brother, an accountant, does the accounts at the end of each year. She has four part-time shop assistants. She is always busy.

You visit Patricia's shop and strike up a conversation about what you have recently been doing in Business Studies. You say that having a business plan is really important, but she is not convinced. Explain what specific benefits a business plan might offer to Patricia in running her business.

A business plan has numerous advantages in helping small to big businesses to succeed. It clarifies the specific roles that are required in the business and how they would be allocated between the staff. The absence of this role clarification and allocation is probably one of the reasons why Patricia is always busy. Furthermore, with the daily operations of the business being extremely busy, it could easily be a trap for Patricia to lose track about the visions or the overall positioning of the business. A business plan acts as a comparison, guiding and evaluation tool which ensures that the business would fulfil their plans with respect to its objectives, strategies, implementation, monitoring and controlling process.

4. You were convincing, and now Patricia has put together a business plan. Identify whether the following would belong to the strategic, tactical or operational plans:

- a) A new roster for part-time staff**
- b) A project to write weekly columns about furniture styles in the local paper, to build interest in the business**
- c) The budget for the next financial year**
- d) A plan to set up a shop in the nearby town of Rye Park**
- e) An incentive system to encourage the sales staff to sell more**

- a) Operational
- b) Tactical
- c) Strategic
- d) Tactical
- e) Tactical

5. State the key components of SWOT analysis. When would you use this approach?

Four key components of SWOT are strengths, weaknesses, opportunities and threats. This approach could be used in the establishment stages of the business so that they could identify key areas or components of the business and whether or not they would be able to compete in the market. Furthermore, it could also be used in the evaluation stages so that the manager is able to improve the competitiveness of the business by turning weaknesses into strengths and threats into opportunities.

6. Outline a brief SWOT analysis for the following businesses:

a) A small newsagent starting up in a rural NSW town

b) An upmarket cafe in a busy urban neighbourhood

c) A large manufacturer of electronic goods

a) Strengths: small newsagent could imply better services and higher quality

Weaknesses: narrow product range

Opportunities: a wide potential market and consumers to tap into, little or no competitors

Threats: entry of new competitors, relatively small demand from a small rural town

b) Strengths: upmarket café is often associated with highly motivated staff and an innovative business.

Weaknesses: rapid growth could result in less clear coordination of the business.

Opportunities: a big pool of people in neighbourhood who could be potential customers, strong upmarket trend

Threats: many competitors in a busy urban neighbourhood

c) Strengths: wide range of products, big company size and possibly well known brand

Weaknesses: large manufacturer could have potential control problems

Opportunities: potential to expand further such as going global

Threats: entry of new competitors, particularly small electronic goods store, big businesses could be subject to tough government regulations.

7. Describe the strategic competitive advantages for the business plans of the following businesses.

a) Patricia's antique business, referred to in Question 3

b) A private school at Bowral in the Southern Highlands

c) Clarke's Shoes

d) Ford Australia

a) Patricia's antique business would have strategic competitive advantage with respect to the unique products that it sells (pottery) in a relatively small town.

b) A private school at Bowral would attract many students that seek better or different style of education. The rural setting would allow a varied curriculum from city schools.

c) Very well known brand for its quality and durability with respect to school, work and casual shoes.

d) Known as probably the best Australian car manufacturer with great quality and affordable prices.

8. What kinds of control mechanisms might the following represent?

a) Counting the contents of the cash register at the end of the day.

Feedback control

b) Introducing video surveillance systems to monitor production.

Feedforward control

c) Surveying customers coming out of a supermarket.

Concurrent control