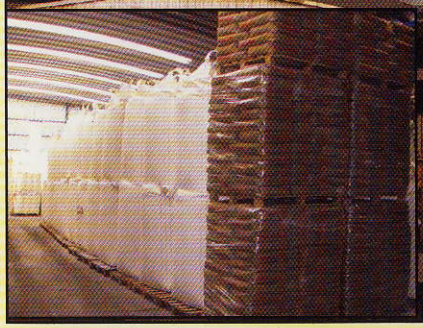

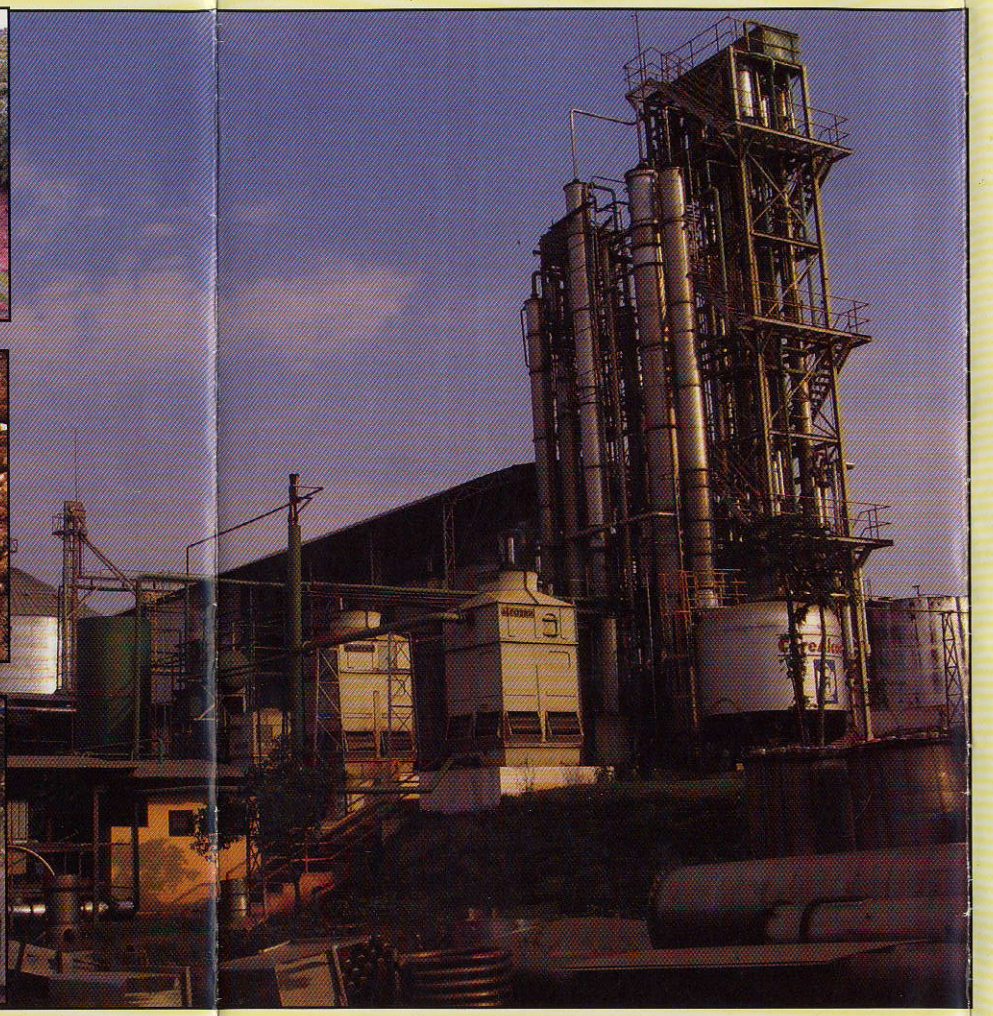

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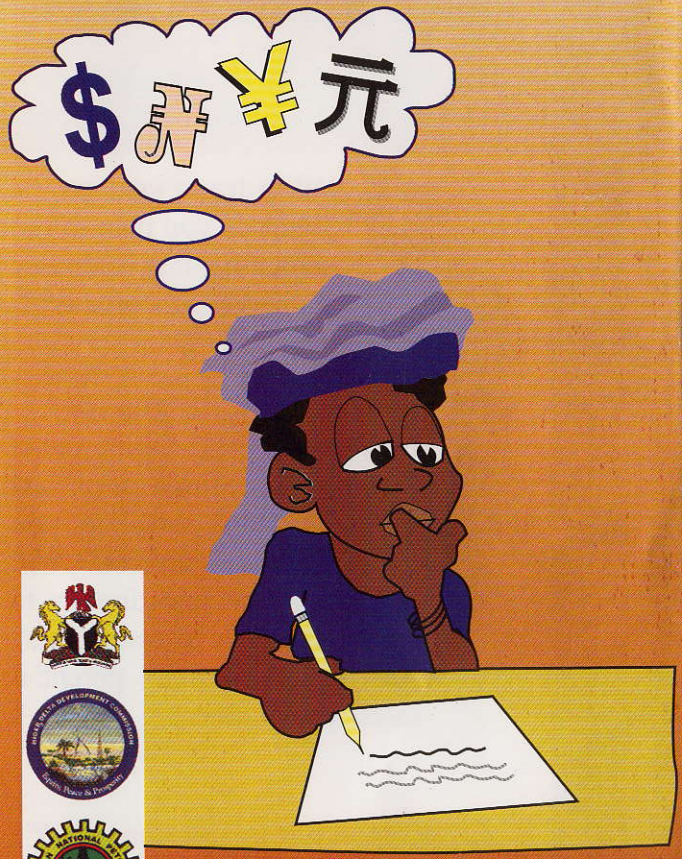
Business Tips



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Success needs a business plan

When you start a new enterprise or diversify an existing business, Step one is to raise money. Perhaps you will approach other people you know or who have been recommended as interested in your project. More likely, you will have to go to a Bank or some other institution whose business it is to make money by lending money. The management there must be convinced that your plans are viable. That's why you need a business plan—to clarify your own ideas so you can state your case clearly, accurately, and persuasively.

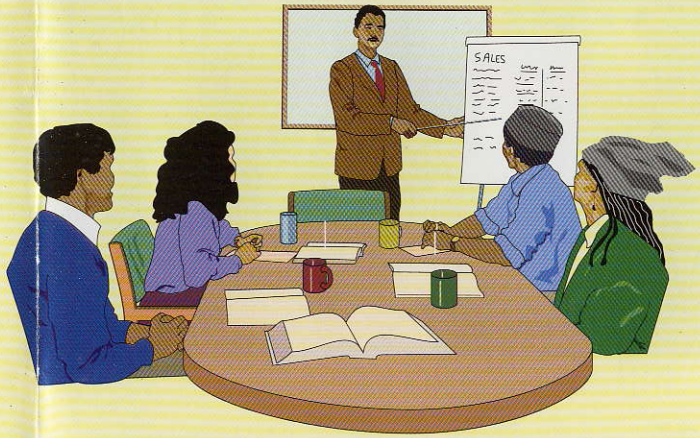
Before building your business plan, do some market research. Get up to date and reliable information. Don't rely on guesswork. Then, answer these questions.

1 What have you got?

What do you plan to do or to make? Is it a new product, an improvement on something that is already popular and selling well, or are you just adding more of the same to what is already on sale without any changes?

2 Who is going to buy it?

Do you plan to sell your product to other enterprises as a raw material? How sure are you of this future market? Will the product be sold directly to consumers in supermarkets? Are there multiple potential sales opportunities?



3 What is the demand?

Is the demand seasonal or all-year-round? Does the product cater for limited local tastes or uses, or does it have countrywide or even international potential?

4 What is your project going to cost to establish and to run?

Up to date information is needed on start-up costs. Do you have an existing and satisfactory location, farmland, or buildings? If so, on what terms do you hold them, personal ownership or rented? What improvements or additions will be needed before production can begin? From where will you obtain the equipment you need? What are the estimated maintenance and running costs? What about transportation? How far away is your market and how good is the road? Will you use your own vehicles or hire?

5 Who are the people who will run your project?

What staff will be needed? Will you employ a Manager or do you intend to be in charge of daily running? Whoever is in charge needs management skills and experience to avoid taking wrong decisions and incurring avoidable losses

6 What is the projected return?

Here your estimates have to be realistic and depend on your answers to the previous questions.

The purpose of making the business plan is not to discourage you by pointing out the problems. Look on the business plan as an accurate roadmap to future success.