



## What Is This Module About?

What do you want to be in the future? Do you want to start your own business? If you do, then how should you go about it?

This module will tell you all about that and more. It will tell you what you should consider when planning the business you want to put up. It will also tell you what you need to start that business as well as everything you need to know when starting your own business.

This module is made up of four lessons:

Lesson 1 — *Getting Ready*

Lesson 2 — *Making a Market Plan*

Lesson 3 — *Making a Production Plan*

Lesson 3 — *Making a Financial Plan*



## Wait!

Before you start studying this module, make sure you have read the following modules *Planning Your Business Part 1* and *Planning Your Business Part 2*.



## What Will You Learn From This Module?

After studying this module, you should be able to:

- ◆ decide what kind of business you are going to put up based on its strengths, weaknesses, opportunities and threats;
- ◆ identify the factors to consider when selecting a business site;
- ◆ prepare a market plan;
- ◆ prepare a production plan; and
- ◆ apply positive attitudes/values in dealing with the business you are developing.



## Let's See What You Already Know

Before you start studying this module, take this simple test first to find out how much you already know about the topics to be discussed.

Define the following terms.

1. Feasibility study

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2. Marketing plan

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3. Production plan

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4. Financial plan

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Well, how was it? Do you think you fared well? Compare your answers with those in the *Answer Key* on page 28 to find out.

If all your answers are correct, very good! You may still study the module to review what you already know. Who knows, you might learn a few more new things as well.

If you got a low score, don't feel bad. This only means that this module is for you. It will help you understand some important concepts that you can apply in your daily life. If you study this module carefully, you will learn the answers to all the items in the test and a lot more! Are you ready?

You may go now to the next page to begin Lesson 1.

## Getting Ready

In starting a business, the first thing you have to do is decide what kind of business you are going to put up. This means thinking of a business that people would patronize. You should, therefore, think of a business that would “click” with the masses. There is no point, after all, in putting up a business from which nobody would buy or seek service. This is the reason why people conduct feasibility studies first before putting up a business.

For the purposes of this module, we will use a sample proposal for putting up an eatery.

But what is a feasibility study? That is what this lesson is all about. It will tell you what a feasibility study is, what its components are, how it is actually conducted and why.

Are you ready to learn more? If you are, then let’s start.



### Let’s Think About This

Define the following terms in your own words.

1. Strengths

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2. Weaknesses

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3. Opportunities

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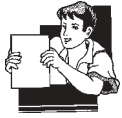
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4. Threats

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Compare your answers with those in the *Answer Key* on page 28. How well did you do?



## Let's Learn

The first things you should consider in putting up a business are the strengths, weaknesses, opportunities and threats that you might face in the actual process. You should think of all these in terms of what business you are planning to start. Say, for example, that you want to put up a handicraft factory. You have to think of what exact types of products you want your factory to make. Then you should consider whether your proposed business can become successful or not.

Let us first define what the terms **strengths**, **weaknesses**, **opportunities** and **threats** in relation to putting up a business.

A business's **strengths** refer to its strong attributes or inherent assets. These are the things that can make the business you are going to put up succeed. They can be determined mostly by the wants and needs of a number of people. They are, in effect, greatly affected by what the market demands at a certain point in time.

A business's **weaknesses**, on the other hand, refer to its weak attributes or inherent liabilities. These are the things that can hinder your business from succeeding in the near future. They may have something to do with the factors that can affect a business such as the location of a store or mismanagement.

**Opportunities** refer to good chances for advancement or progress. These may include, inheriting a piece of land on a prime location for the business you want to put up, for example. **Threats**, on the other hand, refer to factors that may adversely affect your proposed business, such as intense competition from other already established companies.



## Let's Read

Read the following comic strip to find out how to start your own business.

During Andrea's last day at the office . . .



- Andrea:** I think it's time I put up that business I had been meaning to all these years. What do you think?
- Andrea's husband:** I think you're right. Why don't we plan it out together?
- Andrea:** We can use the corner lot your Lolo left you years ago to put up a small eatery.
- Andrea's husband:** That's a good idea! That way we won't have to rent a place for our business.
- Andrea:** Yes and what's more, it's near the tricycle terminal. We can be assured of many customers then. We just have to find a way to minimize the prices of the food we are going to sell.
- Andrea's husband:** I don't think that would be a problem. See, the place where we'll put up the eatery is very near the market and we have various *suki* from whom we can buy the things we will need at very low prices.
- Andrea:** You're right. Everything seems to be working out pretty well. All we need to think about now, is how much money we will actually need to start our business and how we're going to get that money. I don't think my savings would be enough to finance all this.
- Andrea's husband:** I know! I can make a loan from my office then everything will be all right.
- Andrea:** But wait, we're forgetting something . . .
- Andrea's husband:** What's that?
- Andrea:** Who are we going to get to build the store? We don't know any carpenters. And besides, we need some permits, don't we?
- Andrea's husband:** Don't worry too much. We'll figure this out together. You just wait and see . . . we're going to be in business soon.
- Andrea:** I hope so . . .



## Let's Review

Answer the following questions briefly.

1. What were Andrea's various concerns about putting up a business?
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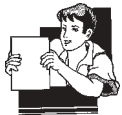
2. What problem was she worried about concerning her business?

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3. What possible solution can you give Andrea and her husband regarding their problem?

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Compare your answer with those in the *Answer Key* on pages 28. How well did you do?



## Let's Learn

The factors that one should consider when putting up a business include the following:

1. **Availability of raw materials**

The term **raw materials** refers to the crude or processed materials that can be converted by manufacture, processing or combination into a new and useful product.

(set illustration here)

In Andrea's case, these include the ingredients that she will use in cooking the food that she intends to serve in her store. She has to consider where she would get these as well as how much they would cost her. That is why in the story comic strip you just read, Andrea and her husband became thankful that they had friends in the market from whom they could buy the raw materials they needed at cheaper prices.

## 2. **Power and fuel**

From the story, you can infer that the couple would not have any problem at all with these resources. Since the place where they will put up the eatery is located inside a subdivision, they would therefore have no problem regarding electrical power supply. And since the eatery would be located in the city, they wouldn't have any difficulty with getting a supply of LPG that they might need in their business. Nor would they have any problem with fuel that they may need in transporting goods from their store to another place and vice-versa.

## 3. **Transportation**

Andrea and her husband would also have no problem regarding this because the place where they will put up the store is readily accessible. From what they said, there are many tricycles near the site so they wouldn't have to worry about transporting goods from the store to other places and vice-versa. Aside from this, you can infer that they wouldn't have to spend that much if they want to go from place to place. After all, the tricycle fare is fairly affordable.

#### 4. Labor

This refers to the workforce that the couple may need while running their business. From what they are planning to put up, you can infer that ~~they would need a cook, a waiter/waitress or two and someone to take~~ charge of the financial side of the business (act as the cashier and accountant). That is, if the couple do not plan to become personally involved in the business. <sup>(set illustration here)</sup>, for sure, the people they should hire should be those that they can trust since starting a business is really hard.

#### 5. Marketing

This refers to the process where people can get the products or services they need or want usually in exchange for money. The couple made a very good decision on what kind of business they are going to put up. They knew that the place where they planned to put up a business was very near the tricycle terminal in their subdivision. And who doesn't need food? We all have to eat to get through each day, right? So what better business to put up in such a location?

Unfortunately, knowing this is not enough. They still need to think of ways on how they can sell their products without paying dearly. Since they do not have that much capital, they have to think of inexpensive ways of doing this. They can, for example, invite friends and family members to try out their food on their store's opening. But of course, they have to make sure that their products will surely please their customers. Then their



customers will surely spread the word around which may eventually lead to getting more customers.

(set illustration here)

## 6. **Location**

(set illustration here)

As experienced entrepreneurs put it, “Location is everything when putting up a business.” Where an establishment is located can determine the success or failure of a business. If we take the case of Andrea’s eatery, we can easily see that the business has the capability to become very profitable. What with all the tricycle drivers there, right? They have got to get hungry sometimes, don’t they?



## Let’s Review

Match the terms in Column A with those in Column B by writing the letters of the correct answers in the blanks.

- | A                                    | B  |
|--------------------------------------|--|
| ___ 1. Availability of raw materials | a. Electricity, fuel and the like                              |
| ___ 2. Power and fuel                | b. Workforce   |
| ___ 3. Transportation                | c. Place where the establishment is located                    |
| ___ 4. Labor                         | d. Materials used in production of goods                       |
| ___ 5. Marketing                     | e. Means by which goods can be moved from one place to another |
| ___ 6. Location                      | f. Process wherein goods or services are exchanged for money   |

Compare your answers with those in the *Answer Key* on page 29. How well did you do?



## Let’s See What You Have Learned

What kind of business would you likely get into? Why did you choose such a business? What problems would you most likely encounter in putting up such a business? Write down what you can do about this/these too.

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Have your Instructional Manager check your work before proceeding to the next part of the lesson.



## **Let's Remember**

- ◆ When starting a business, knowing the strengths, weaknesses, opportunities and threats that come with it can certainly help you determine whether it will succeed or fail.

- ◆ The factors that one should consider before putting up a business include the following:
  1. availability of raw materials;
  2. power and fuel;
  3. transportation;
  4. labor;
  5. marketing; and
  6. location.

## LESSON 2

### Making a Market Plan

After learning about the factors you should consider before putting up a business, you are now ready to learn how to prepare a market plan. What is a market plan anyway? Why do you need it to start a business? Can it really help you?

You will be able to answer all these questions and more after studying this lesson. Are you ready? If you are, then let's start.



#### Let's Read

Continue reading Andrea and her husband's story.

After a month after agreeing to open up an eatery, Andrea and her husband talked about what they would do next.

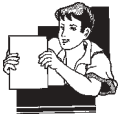
**Andrea:** Have you asked your boss about obtaining a loan for the business we're planning to put up?

**Andrea's husband:** Yes, I have. And he was willing to lend me the money granting I pay the company back with a salary deduction every month. All we have to figure out now is how much we will need aside from our savings, of course.

**Andrea:** I was talking to some of our friends a couple of days ago and I asked them for advice. They said we should prepare a market plan for the business we are planning to put up.

**Andrea's husband:** So, that's what we'll do. But how do we go about that?

**Andrea:** That's easy, they gave me some pointers. First . . .



## Let's Learn

What advice do you think did the couple's friends give them? Read on to find out.

First and foremost, you need to keep in mind that “running a business without a well-thought out market plan is like driving a car at night without headlights. You can only go a long way if the road is straight and there is nothing in your way.”

What does this mean?

It simply means that going into business always involves taking risks. These include having competitors as well as coping with changing market conditions. But it's not all that bad because with these risks also come new market opportunities.

Market planning may be tough to deal with because it entails knowing a lot about the business you are planning to put up. To create a good market plan, you need to know who your potential customers and competitors are as well as know the overall market forces relevant to your business. You, therefore, have to know who to talk to and how to get the information you need no matter what.

So, what should a marketing plan contain? Let the following list guide you. A market plan should contain information about your:

### 1. **Product**

**Andrea:** I'm thinking of serving our potential customers dishes like *tapsilog*, *tocilog* and the like. They are easy to cook and will certainly be affordable to our potential customers? What do you think?

**Andrea's husband:** I think that's a great idea! We can also sell fish balls and *kikiam* for *merienda*. The store would surely be a hit to the tricycle drivers and our other potential customers! I mean, what more can they ask for, right?

## 2. Place

**Andrea:** It's a good thing your Lolo left that piece of land to you, isn't it? Whoever thought we'd be able to make good use of it in the future?

**Andrea's husband:** He probably saw the potential of our place even before. He always did have good business sense.

## 3. Price

**Andrea:** We should probably ask the tricycle drivers how much they earn each day. That way, we'll know just how much to sell our products.

**Andrea's husband:** You're probably right. We wouldn't want to overprice our goods lest we scare them away, now, would we?

## 4. Promotions

**Andrea:** You do know though that we can't just rely on the support of the tricycle drivers, do you?

**Andrea's husband:** Of course, I do. That's why I thought of different ways to promote our products to other people. I came up with all these flyers and stuff. We can start posting them today if you want.



## Let's Study and Analyze

Read the Andrea's marketing plan below then answer the questions that follow.

### Marketing Plan for Andrea's *Carinderia*

#### I. Introduction

I have just recently retired from my job of 15 years and decided to start my own business. I have always wanted to put up a small eatery in our subdivision and now have the chance to make my dream come true. Putting up the eatery I have dreamed of for years now will not only be beneficial to me. It will be beneficial to everyone in our subdivision as well. With it, my neighbors can have ready-to-eat meals any time.

#### II. Business Goals

After a year in business, I would love to already have frequent customers. I would already know what kinds of food my customers would want. Aside from the fact, of course, that I would hire more people to help out in the establishment. That way, we will be able to keep up with the increasing number of customers.

### **III. Needs and Wants of the Market**

My family has been living in the same subdivision for years now. We often bring our neighbors food that I cooked whenever we had community meetings. They always commented that I cooked really well and would often advise me to put up a food business. In fact, I always get assigned to cater all our community gatherings. I enjoyed doing so immensely and seriously considered their advice since then.

One day, while coming home from the market, I overheard the tricycle drivers in the terminal chatting with each other. They were complaining about the rising prices of food in the restaurant just outside the subdivision they usually ate in. They wished a new and even better restaurant would open up. I finalized my decision to put up an eatery after consulting my husband that same day. So, here I am planning what the best course of action to take is.

### **IV. The Product**

That fateful day I knew what the people in our subdivision really needed. I listened really well to what the tricycle drivers were saying. I wanted to know what kinds of food they were looking for. They wanted home-cooked dishes like *tapsilog*, *menudo*, *adobo* and the like. They want their food served quickly, they were always in a hurry, after all. And those are what I am willing to give them in my eatery—good food and fast service.

### **V. The Place**

The other concern the tricycle drivers then was the location of the restaurant they usually ate in. They had to cross the highway each time they wanted to eat. There are times when they just want to eat *merienda* but were worried about not getting back to the terminal on time especially when there are passengers waiting for them. How they wished there was a nearer eatery or something.

Then I thought of the lot we inherited from my husband's grandfather very near their terminal. That piece of land has been lying dormant for years now. It's probably the best time to make use of it now.

### **VI. The Price**

I'm friends with a lot of the sellers in the market near our subdivision. I have done a lot of business with them in the past whenever I catered for a special occasion in our subdivision. As such, they give me special discounts every time I buy from their stall. I think this plus the fact that my husband and I would not be paying any rent for the land we are going to use for the business can ensure that our products' selling prices would be affordable.

## **VII. The Promotion**

My husband and I have already thought everything out. He was going to print flyers and make posters to advertise the opening of our eatery. Then we would have an opening party with some close friends and relatives. We're going to let them sample our wares, so to speak. Then we will encourage them to tell their acquaintances about us. This way, we'd get free advertising and probably get more customers.

## **VIII. Sales Targets**

We are expecting sales amounting to P1500 a day, that is, enough to cover all our expenses for the day, including the amount we have to save to pay back the salary loan my husband made, as well as the capital for the next day for the first month. After the first few months, after we have paid all our debts and regained the capital we first spent, we can then save our profits or better yet make more improvements on the establishment which can lead to even bigger profits in the future.



## **Let's See What You Have Learned**

After identifying and describing the different components of a marketing plan, you are now ready to make your own plan. Apply what you have just learned in doing so. You may use a separate sheet of paper for this activity.

Afterward, show your work to your Instructional Manager for some feedback. How well did you do?



## **Let's Remember**



- ◆ Making a marketing plan requires you to know the four Ps of your proposed business. The four Ps of a business refer to:
  1. product;
  2. place;
  3. price; and
  4. promotion.
  
- ◆ The components of a marketing plan include the following:
  1. introduction;
  2. business goals;
  3. needs and wants of the market;
  4. the product;
  5. the place;
  6. the price;
  7. the promotion; and
  8. sales targets.

## LESSON 3

# Making a Production Plan

After learning how to make a marketing plan, the next step is knowing how to make a production plan. This lesson will tell you what a production plan, what its components are and how you should go about making your own production plan.



## Let's Read

Do you want to know what happened after some time to Andrea and her husband's business? Find out by reading the comic strip below.

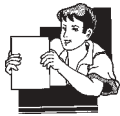
While work was being done on the site of the eatery, Andrea and her husband were making their production plan.

**Andrea:** What should our production plan contain?

**Andrea's husband:** Well, a production plan, according to my officemate should contain the step-by-step process we should take in preparing the food we are going to sell. It should also identify the different ingredients we will need in cooking the food, the utensils and equipment we will need, where we will get the ingredients and stuff like that.

**Andrea:** In other words, you mean, it should contain all the things that have something to do with how we are going to produce the goods we are going to sell.

**Andrea's husband:** Yes, that's it! That's not very easy to do so we better start.



## Let's Learn

Do you know what the components of a production plan are? Read on to find out.

### 1. **The product**

This portion should describe the products that you will prepare and sell, in Andrea's case, the food that she sell in her carinderia.

### 2. **The manufacturing process**

This portion should contain the step-by-step process you will actually follow in putting together your finished products.

### 3. **Plant size and production**

This portion should describe how big your place of business will be as well as the future developments you might want to make on your business area as soon as you have enough money.

### 4. **Machinery and equipment**

This portion should contain information of the different tools, utensils, machines, appliances and the like that you will use in producing your products.

### 5. **Location**

This portion should describe the location of your establishment—its proximity to your suppliers as well as its accessibility to your customers.

## 6. **Layout**

This portion should contain the floor plan of your business establishment based on the step-by-step process of production you will follow.

## 7. **Building and facilities**

This portion should include information about the building you will use for the business as well as the costs you will incur.

## 8. **Raw materials and supplies**

This portion should describe each of the materials you will use in producing the goods you will sell. You should also discuss their availability in this portion as well as their costs at present and in the future.

## 9. **Utilities**

This portion should include how much you will allocate for all the utilities you will need in making your actual products. These include payments for your electric bill, water bill, LPG needs and the like.

## 10. **Waste disposal**

This portion should say how you are going to dispose of your different wastes. You should indicate here whether you are going to recycle, reuse or sell your various wastes.

## 11. **Labor requirements**

This portion should tell the readers how many workers your business will have as well as how much each of them is going to get at present and in the near future.

## 12. **Production cost**

This portion should give the details on how much each of your various products cost before (raw materials) and after production (finished products).



## **Let's See What You Have Learned**

Prepare a production plan for Andrea's carinderia with all the components mentioned in this lesson. You may use a separate sheet of paper for this.

Afterward, have your Instructional Manager check your work. Ask him/her for some feedback.



## Let's Remember

- ◆ A production plan should contain the following information:
  1. the product;
  2. the manufacturing process;
  3. plant size and production;
  4. machinery and equipment;
  5. location;
  6. layout;
  7. building and facilities;
  8. raw materials and supplies;
  9. utilities;
  10. waste disposal;
  11. labor requirements; and
  12. production cost.

## LESSON 4

### Preparing a Financial Plan

It is said that the lifeblood of any business is money. That is the main reason why this last step in preparing for a business is very important. This lesson will tell you all about this last step and more.

Are you ready to learn how to prepare a financial plan now? If you are, then let's start the discussion.



## Let's Read

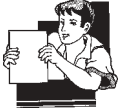
Read the following comic strip and find out more about the latest developments in Andrea and her husband's business.

**Andrea:** We're almost ready to start our business. We just have to finish the last part of our plans. Then we can finalize them and start the ball rolling.

**Andrea's husband:** Yes, we are. But the last step is crucial if we really want our business to succeed.

**Andrea:** I agree. Can you repeat everything you said we should include in our proposal?

**Andrea's husband:** Okay. We need to include . . .



## Let's Learn

Do you know what a financial plan should contain? Read on to find out.

A financial plan should contain the following:

### 1. **Major assumptions**

This portion should identify the prices of the different raw materials, utilities, etc. that you will need to run your business. The wages of your workers, government regulations or laws that may affect the company, etc. should also be included here.

### 2. **Total project cost**

This refers to the total amount of money you will need to start your business including license or legal fees, rent expenses, costs of equipment, etc. This will be reflected in something called an income statement that you should include in the plan.

### 3. **Sources for financing the project**

This part will say who the owners of the business are and where the capital for it will come from. The money you will be talking about here can come from several possible choices—they may come from the owner's personal savings or from loans. These loans may come from banks, other financing agencies, the company where the owner works for, etc.

### 4. **Preparation of financial statements**

This portion of the plan will show your estimate of how much you can earn in the near future. You should then be familiar with the following financial terms:

- a. **Gross sales**—refers to the total amount of goods you sold to customers within a certain period of time including the amount your customers owe you.

- b. **Expenses**—refers to the amount of money that you spend every month to keep your business running. These include the amounts you pay for your electricity, water and the like.
- c. **Net income**—refers to the amount of money you actually earned, that is, the gross sales less all your expenses.
- d. **Total assets**—refers to the total value of all your properties and cash related to the business you put up.
- e. **Accounts receivable**—refers to the amount of money your customers owe you.
- f. **Total liabilities**—refers to the amount that you owe to other people, that is, everything you borrowed from others including properties and cash, if any.
- g. **Owner's equity**—refers to the amount of money you invested in the business throughout its longevity.

Look at the following balance sheet to find out what all these information are for.

(set sample balance sheet here)

Keep in mind that when balancing your finances, your total assets should be equal to your total liabilities plus your total owner's equity, thus the name, balance sheet.

Now, look at the income statement below to find out how much your actual earnings are for the year.

(set sample income statement here)

5. **Financial analysis**

This portion of the financial plan should tell what you expect from your business in the future. This can contain charts that can trace the growth of your business for every year of its existence.

- a. Amount you will need to put up your business
- b. An estimate of how much you will earn from your business
- c. The present prices of the things you will need for your business
- d. Where the money for your business will come from
- e. What you think will become of your business in the future



**Let's Review**

Match the terms in Column A with their descriptions in Column B by writing the letters of the correct answers in the corresponding blanks.

A

B

\_\_\_\_ 1. Major assumptions

- \_\_\_ 2. Total project cost
- \_\_\_ 3. Sources for financing
- \_\_\_ 4. Preparation of financial statements
- \_\_\_ 5. Financial analysis

Compare your answers with those in the *Answer Key* on page 29. How well did you do?



**Let's See What You Have Learned**



Prepare a financial plan for Andrea's business by answering the following guide questions. Then prepare the following financial statements for her business: (1) balance sheet and (2) income statement using the given figures.

### **Financial Plan for Andrea's Carinderia**

1. What materials, utilities, etc. does Andrea need to pay for her business? List them down below and estimate how much she needs for each.

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2. How and where will she get the money to start her business? Estimate how much more she would need based on the costs you computed earlier if she already has P100000 from her savings.

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3. Prepare her financial statements (balance sheet and income statement) using the values you came up with.

- a. Balance sheet
- b. Income statement

4. Analyze her finances based on your previous computations and estimates. You can make charts for this.

Have your Instructional Manager check your work. Ask him/her for some feedback.



## Let's Remember

- ◆ A financial plan should contain the following information:
  1. major assumptions;
  2. total project cost;
  3. sources for financing the project;
  4. preparation of financial statements; and
  5. financial analysis.

Well, this is the end of the module! Congratulations for finishing it. Did you like it? Did you learn anything useful from it? A summary of its main points is given below to help you remember them better.



## Let's Sum Up

This module tells us that:

- ◆ When starting a business, knowing the strengths, weaknesses, opportunities and threats that come with it can certainly help you determine whether it will succeed or fail.

- ◆ The factors that one should consider before putting up a business include the following:
  1. availability of raw materials;
  2. power and fuel;
  3. transportation;
  4. labor;
  5. marketing; and
  6. location.
  
- ◆ Making a marketing plan requires you to know the four Ps of your proposed business. The four Ps of a business refer to:
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  4. promotion.
  
- ◆ The components of a marketing plan include the following:
  1. introduction;
  2. business goals;
  3. needs and wants of the market;
  
  4. the product;
  5. the place;
  6. the price;
  7. the promotion; and
  8. sales targets.
  
- ◆ A production plan should contain the following information:
  1. the product;
  2. the manufacturing process;
  3. plant size and production;
  4. machinery and equipment;
  5. location;
  6. layout;
  7. building and facilities;
  8. raw materials and supplies;

9. utilities;
10. waste disposal;
11. labor requirements; and
12. production cost.

◆ A financial plan should contain the following information:

1. major assumptions;
2. total project cost;
3. sources for financing the project;
4. preparation of financial statements; and
5. financial analysis.



## What Have You Learned?

Think of a business you want to put up in the future. Then prepare a complete feasibility study for it. You may use a separate sheet of paper for this.

Afterward, show your work to your Instructional Manager and ask him/her to comment on your work. How well did you do?



## Answer Key

### A. Let's See What You Already Know *(page 2)*

1. A feasibility study is a proposal that contains all the necessary information that a person would need in starting a business.
2. A marketing plan is that part of the feasibility study that tells what your goals are, why the market needs your products or services, information about the product or service you will sell, the place where you will sell your product or service, how much your product or service will cost a customer, how you plan to promote your business and what your sales target is.
3. A production plan is that part which tells something about your product or service, how you are going to produce such product or service, how big your place of business should be, what machines and

equipment you will need, where you plan to put up your business, a layout of your business site, etc.

4. A financial plan is that part which tells about the financial side of your business. This includes the costs you will incur and the profits you will gain while running your business.

## **B. Lesson 1**

*Let's Think About This (page 3)*

1. Strengths—strong attributes or inherent assets of a business
2. Weaknesses—weak attributes or inherent liabilities of a business
3. Opportunities—good chances for advancement or progress
4. Threats—factors that may adversely affect your proposed business

*Let's Review (pages 5–6)*

1. She was concerned with where they will put up the business, who their potential customers would be, etc.
2. She was worrying about where they will get the rest of the money that they needed to put up the business.

3. They can obtain a loan from a bank or from the company where Andrea's husband was working.

*Let's Review (page 10)*

1. (d)
2. (a)
3. (e)
4. (b)
5. (f)
6. (c)

### **C. Lesson 4**

*Let's Review (page 23)*

1. (c)
2. (a)
3. (d)
4. (b)
5. (e)



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