

# **Basic Business Skills Course for Accredited Drug Shop (ADS) Owners**

## **Module 4 ADS Business Planning**

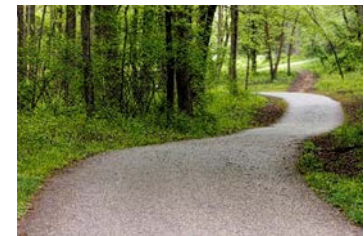
# Objectives

As a result of actively participating in this module, the individual will be able to:

1. Given a list of the key components of a business plan, briefly explain the purpose of each component.
2. Given an outline of a business financing strategy for an ADS, explain what should go into each section.
3. Create a rough draft of a business plan for his or her ADS.
4. Create a rough draft of a business financing strategy for his or her ADS.

# What Is Business Planning?

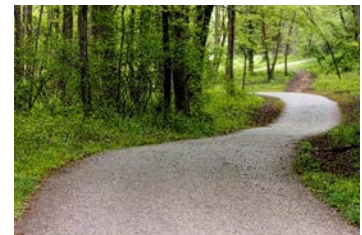
- Business planning means defining a deliberate, focused growth path for the future of your business.
- Business planning guides you on how to start your business, what to sell, who to sell to (your customer), costing and pricing, financing options, how to operate profitably, and how to grow your business in the long term.
- A business plan is a road map of all the things required to facilitate the long-term growth and survival of your business.



# Vision and Mission

A business plan is based on two key factors:

1. The vision of the business (the mental picture of the future you want).
2. The mission of the business (what you do to achieve your vision).



# ADS Vision

A vision is a mental picture of the future you want.

- Afya Bora Drug Shop vision:  
*A community where everyone has access to affordable, quality medicines.*
- Where do you see your ADS in 5 years? In 10 years? In 20 years?

# ADS Mission

A mission is what you do to reach your vision.

- Afya Bora Drug Shop mission:  
*Ensure that affordable, quality medicines are available to the community.*
- What will you do to reach your vision?

# Benefits of a Business Plan

A business plan helps you:

- Focus efforts, and clarify the objectives and direction of the ADS.
- Minimize weaknesses and threats.
- Maximize strengths and opportunities.
- Set realistic financial and non-financial targets.
- Plan for and track growth.
- Propose the most appropriate structure and systems.
- Raise financing (from potential investors).

# Business Plan Components

A business plan comprises:

1. Background
2. Sales and marketing strategy
3. Supply or procurement plan
4. Stock management plan
5. Staff plan
6. Business growth and expansion plan
7. Community responsibility plan



# 1. Background

This section comprises the following information (which was discussed in Module 1 of this training):

- a. Vision
- b. Mission
- c. Business environment (opportunities and threats)
- d. Business status (strengths and weaknesses)
- e. Business location (physical address) and contact information

## 2. Sales and Marketing Strategy

- a. Description of your potential customers
- b. Your current competition
- c. Your competitive advantage (e.g., price, quality, delivery, customer service, terms of business, other features or services)
- d. Promotion of your business (what, where, when, how and why are you going to market your service to your potential customers to best effect, and how much will it cost?)

# 3. Supply or Procurement Plan

Key questions to answer:

- a. Who are our suppliers or who will be our suppliers?
- b. How many potential suppliers are there?
- c. How far away are the suppliers?
- d. How long does it take to receive orders?
- e. What will be the terms of supply: cash or credit terms?
- f. What will be the terms of delivery: the wholesaler delivers or we pick up from them?
- g. What mode of transport will we use?

## 4. Stock Management Plan

- a. The type of medicines to be stocked.
- b. How much of each type to stock.
- c. The minimum stock for re-ordering.
- d. The type of store you will have.

## 5. Staff Plan

The number and type of staff to employ:

- a. Sales people
- b. Dispenser
- c. Storekeeper
- d. Cashier/Accountant
- e. Cleaner
- f. Family members or not?

# 6. Business Growth and Expansion Plan

Key questions to answer:

- a. Will you be opening more shops or branches?
- b. Will you be expanding the business in the same premises?
- c. Will you be providing additional products and services?

# 7. Community Responsibility Plan

Key questions to answer:

- a. What will be the maximum amount the business will donate?
- b. Will it be spent as a lump-sum or spread across many causes?

# What is a Business Financing Plan?

- A plan for identifying and using the best ways to finance your business.
- Must accompany your business plan.
- Comprises three important components:
  1. Key objectives and financial review
  2. Financial projections
  3. Sources of business finance



# 1. Key Objectives and Financial Review

## a. Financial objectives:

- Sales or profit targets
- Cost reduction targets

## b. Finance required:

- How much money you need upfront.
- Your potential sources of money.
- What portion from each source.
- How much of your own money you can contribute to the business.

## 2. Financial Projections

- a. Seed capital: money needed to start the business.
- b. Growth capital: money needed to expand the business.
- c. Expenses to be covered by either/both:
  - Rent or building premises
  - Furniture and equipment
  - Working capital (= assets less liabilities or money left over after everything is paid off)

# 3. Sources of Business Financing

- a. Savings
- b. Credit from family, friends
- c. Reinvested profits
- d. Supplier credit
- e. Customer advance
- f. Selling assets
- g. Loans from microfinance institution, SACCO, or owner association



# Summary (1)

A business plan helps you define and follow a deliberate, focused growth path that can help you:

- Start your business
- Monitor the business's progress
- Help the business grow

## Summary (2)

An accompanying financing plan helps you identify and use the most appropriate ways of financing the business.