

DEVELOP BUSINESS PLAN FOR SMALL BUSINESS: ENTREPRENEURSHIP PERSPECTIVE

Moti Melkamu ¹

Keywords:

Small business, business plan, feasibility study, entrepreneurship, internet café

ABSTRACT

The economics development of the any countries it started from small business including with idea generate and currently, creating small business throughout the country it play a great role on developing economics of the developing countries with reducing jobless and make a wealthy peoples . In order to generate large business in a country it should follow and start from small business strategies, because it is a guide line for a large business. For starting a business the main input is existing gap or problem in the society and generate idea depend on that problems. Among generated idea it select which need a critical solution and a major problems in the society. For this study internet café is a major problems which need more attention and require a solution, Because, the number of population (people) are not match with the existing internet café and which exists also not satisfy the customer according to it needed at right quantity, quality and time. Because effective internet café is very needed around the universities, colleges and other schools, in order to compete with world technology and update their knowledge. Then it needed to develop business plan for internet café to solve the exist problem and generate a profit through satisfying the users. The prepared business plan considered the level of income of the users and internet café gives the services which satisfy the customer like; internet access, photo copy, print, scan, binder, laminate and other service and also include of niche like coffee for customers. This internet café has experienced workers according to their needs.



© 2021 Published by Faculty of Engineering

1. INTRODUCTION

The total Start-up Budgets (capita) of the business is 88205 ETB (Ethiopian Birr) and this budget include fixed and variable expenses in a month and this start up budget gained some percent from owners of the business and some percent from the government and it will back for the government after a time. Fixed expenses in month is 69150 ETB and this fixed expense is unchanged throughout the year, because those materials constantly use without additional expenses and also Variable expenses in month is 19055 ETB. The total consecutive

Variable expenses for three years 228660, 246336 and 288072 ETB (Ethiopian Birr) respectively and the total expenses for consecutive three years is 297810 ETB, 315486 ETB and 357222 ETB respectively. The total Sales of products/services for the consecutive three years with their price is 184000 ETB, 238825 ETB and 401750 ETB respectively also it determined the profit (total sales – total expense) of first year is - 113810 ETB, there is no profit it is loss, for the second year -76661 ETB, there is no profit it is loss and for the third year 44528 ETB there is profit. Generally, this internet cafe not get profit up to the end of 2nd year including some initial month in the

¹ Corresponding author: Moti Melkamu
Email: motimelka.ault@gmail.com

3rd year not get profit, but after 3 year starting from some month it start to get profit. Then on the 3 year with some month is payback period, because the organization returns the total investment from earning up to that time.

Business is an organization operated with the objective of making a profit from the sale of goods or services (James, 2011) and The basic guide line of the developed country started from small business and for developing country create a number of the small business is used to creates the social basis for a competitive economic system (Nations, 1999). Business in developing countries have been the major engine of growth in employment and output and also used as instrument for poverty eradication (OECD, 2004). Small business play an essential role in economic life and having special features that make adaptation process to the contemporary economy easier and also it generate economic performance of the any country. Most of the any business start from small business in any country (Antonio, 2011).

In developing countries to reduce poverty it need expand small business throughout the countries according to the users want (Zoltán, 2009) and Small business make important contributions to development the economics of the individual peoples and the countries. (OECD, 2004). Starting up a business is not an easy task; it requires the translation of an idea into reality with discipline and a clear goal setting and it needs business plan which has the intention of drawing a map for reaching the goal and it provides the strategy that the company will follow, set the objectives and estimate and the finances, because business plan is a document that helps the entrepreneur to crystallize and focus the ideas and aids him on measuring the performance of the business (osé Alfonso, 2009) and also business plan also provides the organization with an operational framework that could give it a competitive advantage in the industry (Babafemi, 2018).

Entrepreneurship is a dynamic, social process where individuals, alone or in collaboration identify opportunities for innovation and act upon them by transforming ideas into practical targeted activities whether in a social, cultural or financial context (James, 2011).

Starting and operating one's own business is a way to becoming for interest area from different life system and during this entrepreneurs should acquire desired knowledge, skills, and competencies that would enable them to become confident entrepreneurs who are capable of creating innovative important business ideas (Efemena, 2013).

Entrepreneurial Process includes the systematic steps required to create and implement a new business venture and according to (James, 2011) it has four major phases in entrepreneurial process.

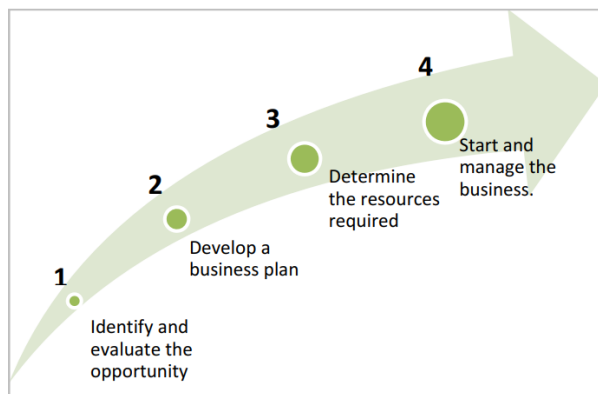


Figure 1. phases in entrepreneurial process by James, 2011

2. STATEMENT OF PROBLEM

The existing small business in developing country especially in Ethiopia has not match with the existing users or population, small business like internet café is play a great role on transferring technology and competing with globalization, especially around universities, colleges and different schools. The main study of this paper focused on develop a business plan on internet café in order to solve the existed problems. It prepare and match with users and satisfy the customer according to it needed at right quantity, quality and time.

2.1 Objectives

2.1.1 General objective

To prepare business plan on internet café, to solve the existed problems and satisfy the users according to their needs with generating profit from organization.

2.1.2 Specific objective

- To assess the existing problems and opportunity and prepare feasibility study on internet café
- To prepare business plan on internet café
- To analysis financial requirement for a business
- To estimate the payback period of the business

3. METHODOLOGY

Benefit for Community

- Our community will have greater access to the internet
- We all know it's a global economy and education system, but lack of resources and connectivity make it hard for small communities like ours to participate, this will increase our community's exposure to the wider world.
- It offer inexpensive computer services for the community
- Many of our citizens don't use computers often enough to have them in their own homes, and

some would find it difficult to invest in a good internet access, other services and pay monthly access costs, this internet café offers these people an opportunity to use all services in small fee.

- The internet café will be a rest place
- In the organization there is a drinking coffee which gives full services for customers and rest place for customers.

Mission of Organization

The mission of the internet-café business is to make the internet available to a greater population around university, colleges and schools. Also the internet café should be a place where one can relax and refresh their mind with low cost and a place where people of all ages will come to enjoy the unique, upscale, educational, and innovative environment that the internet-café provides. The company seeks to become a well-known and

respected provider of advanced internet café by

- Increasing service offerings.
- Increasing availability and accessibility to current and future customers.
- Creating innovative, unique, and cost-effective solutions to problems currently faced by customers.

Vision

- To create a leading Internet café among the other by competitive coast and quality.

Ownership

The owner of the small business of internet café is those six persons come together and will establish the business. Those persons are (M, L, Y, A, H, and T) By interest of all persons the manager of the organization is 'M', 'Y' is the author and 'A' is the cashier of the organization.

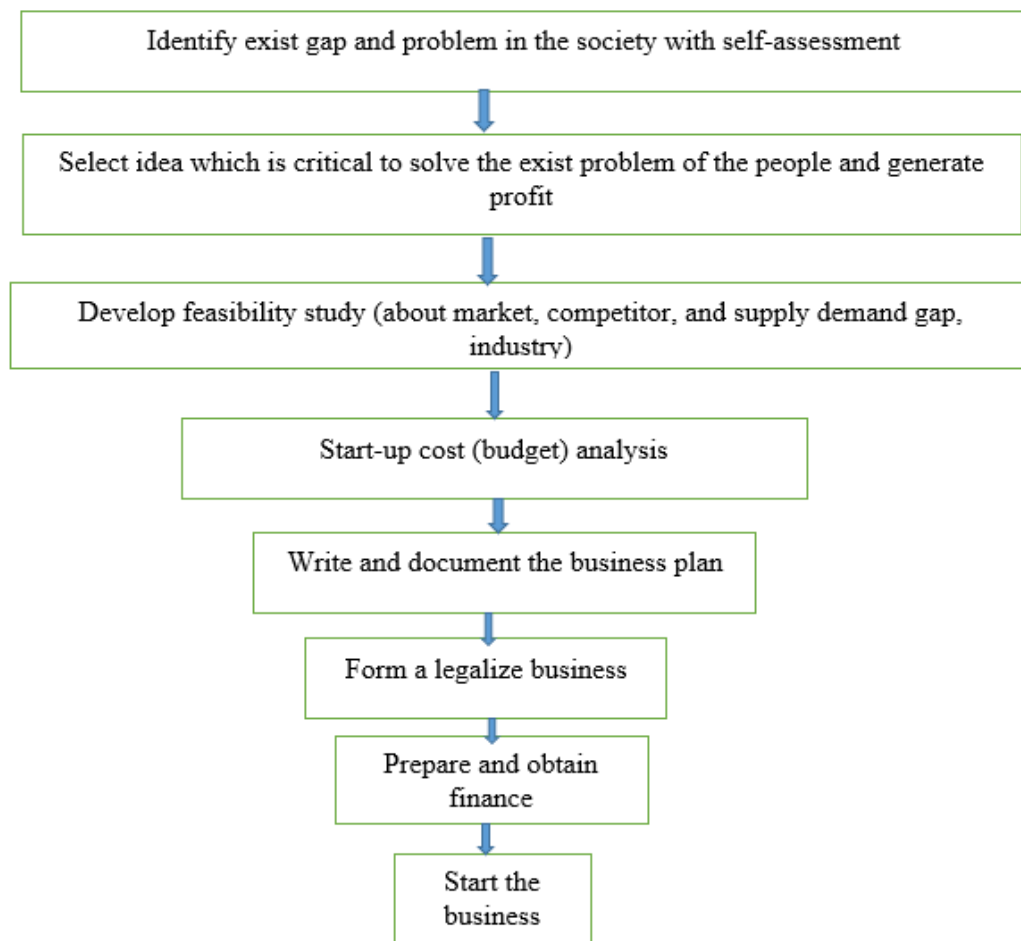


Figure 1. methodology preparing business

4. Start-up Budgets

We have fixed our budgets by deciding how many equipment's/materials/devices/other is needed and by

comparing our income and expense. To determine the total expenses of the start-up budgets (Table 1).

Table 1. Total expenses / initial requirement

Product/ services	expenses in birr
6 Desktop computer	21600
1 printer + copier	34,000
1 laminator	3000
1 binder	3500
Computer Desk +chair +shelf +table	3700
Coffee material + chair +table	3000
Stapler + Posters	350
plastics +hard cover +ring +stapler + spill(needle)	2900
Rent house	1500
Internet in 500MB/month	1095
A4 Paper + with needle	1340+ 120 =1460
Workers salary with supporter	3000+1000 +1000 = 5000
Coffee	5100
Unexpected expense	2000
Total	88205

The initial capital needed for this internet café is = **88205 birr**

To identify the total expenses in the first year, we determine the variable and fixed expenses in the month (Table 2).

Fixed expenses in the month

Table 2. fixed expenses in month

Product/service	expenses in birr
6 Desktop computer	21600
1 printer + copier	34,000
1 laminator	3000
1 binder	3500
Computer Desk +chair +shelf +table	3700
Coffee material + chair +table	3000
Stapler + Posters	350
Total cost	69150

This fixed expense is unchanged throughout the year, because those materials constantly use without additional expenses.

Variable expenses in month and year

Table 3. variable expenses in month and first year

Product/service	Monthly expenses in birr	1 st Year expense in birr
plastics +hard cover +ring +stapler + spill(needle)	2900	34800
Rent house	1500	18000
Internet in 500MB/month	1095	13140
A4 Paper + with needle	1340+ 120 =1460	17520
Workers salary with supporter	3000+1000 +1000 = 5000	60000
Coffee	5100	61200
Unexpected expense	2000	24000
Total	19055	228660

Total expenses needed in initial month is

Variable expense in month + fixed expenses in month

Initial month expenses => 19055 + 69150 = 88205 ETB

Total expenses for first year => fixed expenses + variable expenses + unexpected expense. **69150+ 228660 = 297810 ETB**

5. PRODUCTS/SERVICES AND DESCRIPTION

The business is liked by customer oriented and other work is considered to perform by network designers, engineers, IT administrators and other related staff. It is done before the implementation of a network infrastructure. The business begins with a focus on an organization’s specific goals and requirements for network applications and services, and others while allowing potential future needs to be considered and accounted for.

The internet-café business will provide its customers with full access to the Internet and common computer software and hardware. Some of the Internet and computing services available to the future internet-café customers are listed below:

- Access to Internet Explorer browser or other browsers with access knowledge about software and other basic computer experience.
- Access to printing, copying, binder and others
- Access to popular software applications like Microsoft Word and other often used applications and firstly the internet-café will grant the customer’s access to the internet and World Wide Web, also there is a Drink Coffee

6. MANAGERIAL IMPLICATIONS

all materials those uses in the internet café except coffee materials buy from Addis Ababa city shops and select a quality materials and the cost of the materials also good

relative to the other. The internet-café will obtain its computer hardware from local shops which can be found in Addis Ababa shops. The installation of the internet will also be provided by the local resources. Electricity shall be installed by one of the major providers of electricity.

The business contains different materials or machines which give full service for customer. For the initial business plan it needs at least the following things.

1. Computers

For the initial business plan it needs at least 6 desktop computers to spread internet access for at least 5 costumers once and 1desktop computer is used in printing and writing process.

2. Printer

3. Copy machine

4. Computer desk

5. Laminator

6. Binder

7. Cabling

The first item it considered was the cabling and it will start with the distribution of cables (fiber uplink) line coming into the building/other

8. Teaching

9. Drinking coffee

10. Others needed through process...

7. MARKET TARGET AND ANALYSIS

In a country it require contact with international contacts and access to the World Wide Web to get more benefit from the world, to achieve this however, certain requirements have to be met, what is the average price, how can a profit be achieved, and what does the market want?

The expectation of the majority of our revenue to come from small business clients, since their need for our services is more urgent, and they are willing to invest in technology as part of their business plan and the majority of our marketing efforts will thus be focused on small business owners.

Pricing Strategy

It must charge appropriately for the high-end, high-quality service and support we offer and the revenue structure has to match our cost structure, so the salaries we pay to assure good service and support must be balanced by the revenue we charge.

Financial

The financial plan calls for limited growth while we begin, followed by much higher sales when we move and hire additional employees. As we grow, we will keep our operating expenses down, and maintain a positive cash

balance. We need to develop a permanent system of receivables financing, using one of the established accounting systems. In turn we intend to ensure that our investors are compatible with our growth plan, management style, and vision.

Critical risk

The risk this business face is:

- Loss of customers at first.
- In existence of devices when needed because some devices are so expensive.
- Lack of market knowledge
- Use of unqualified device/workers which in turn decrease customer-business interaction
- Technical man power is needed

8. MANAGEMENT AND PERSONNEL PLAN

An internet-café itself does not require a lot of employees and organizational structure isn't too complicated for this reason it intended future organizational structure is further explained.

The business requires just a handful of employees in order to function and in total the internet-café business will count a staff of at least two persons (one male and one female) for the time being and the Frist person (male) is who do all activity in the internet café, and the female for coffee. (Table 4)

Plan of operation / giving services

Table 1. Plan of operation/giving service

Day	Time(local time)
Monday	morning 2:30 - night 2:30
Tuesday	morning 2:30 - night 2:30
Wednesday	morning 2:30 - night 2:30
Thursday	morning 2:30 - night 2:30
Friday	morning 2:30 - night 2:30
Saturday	Morning 2:30 - night 2:30 including training for workers.
Sunday	Morning 2:30 - night 2:30 including training for workers.

The above time between 2:30 – 11:00 is the normal time for the worker for the first worker and the rest time start from 11:00 – 2:30 are worked by members of the organization and by especial agreement with the worker and with salary.

Financial plan

The following sections lay out the details of the financial plan for the future years.

Start-up funding

The internet-café will not have the pleasant condition of a start-up fund and as starting capital for this organization requires more capital, and then it is difficult to get all capital. So we agree to share half percent of the starting capital for owners of the organization (those six persons)

and the rest half percent ask the government and re back the capital for government after a being of time.

Analysis profit and loss

It calculate only variable expenses in each year, but the fixed expenses are constant. (Table 5)

Table 5. variable expenses in each year

Product/service	1 st Year in birr	2 nd Year in birr	3 rd Year in birr
plastics +hard cover +ring +stapler + spill(needle)	34800	36540	38280
Rent house	18000	18000	19200
Internet in 500MB/month	13140	13140	12GB/year = 24000
A4 Paper + with needle	17520	18396	19272
Workers salary with supporter	60000	60000	72000
Coffee	61200	64260	67320
Other unexpected expenses	24000	36000	48000
Total expenses	228660	246336	288072

To determine losses and profit of each year

- Total expenses of each year
 - 1st year ; **297810 ETB**
 - 2nd year ; **315486 ETB**
 - 3rd year ; **357222 ETB**
- Total sales of each year
 - 1st year = 184000 ETB
 - 2nd year = 238825 ETB
 - 3rd year = 401750 ETB
- Profit of each year (total sales – total expense)
 - 1st year => 184000 ETB - 297810 ETB = - **113810 ETB** there is no profit it is loss
 - 2nd year => 238825 ETB - 315486 ETB = - **76661 ETB**. No profit it is loss
 - 3rd year => 401750 ETB - 357222 ETB = **44528 ETB**. There is profit

Generally, this organization is not get profit up to the end of 2nd year including some initial month in the 3rd year not get profit. But after 3 year starting from some month it start to get profit. The period up to 3 year with some month is payback period, because the organization returns the total investment from earning up to that time.

References:

Antonio, G. P. (2011). How to Improve Small and Medium-Sized Enterprises Profitability by Practicing an Efficient Human Resources Management. *Theoretical and Applied Economics*, 1.

Babafemi, O. (2018). Business Plan Guideline for Small and Medium Scale Enterprises. *United nations conference on trade and development* (p. 1). Geneva: United nation.

Efemena, D. (2013). Entrepreneurship & Small Business Start-Up. *Society of Petroleum Engineers*, 4. doi: 10.2118/167527-MS

James, K. (2011). *Introduction to Entrepreneurship*. Columbi: Commonwealth of Learning.

Nations, U. (1999). *The Development of Entrepreneurship and Small Business in Transitional Economies*. New York: United Nations.

OECD. (2004). *Effective Policies for Small Business*. UNIDO.

osé Alfonso, T. (2009). *Entrepreneurship and the Business Plan*. Sweden.

Zoltán, J. N. (2009). *Entrepreneurship in developing countries*. Jena: Max Planck Institute of Economics.

9. LEGAL ISSUES

The internet café business has own legal permission forms and also our organization has legally agreement between members of the organization ownership.

10. CONCLUSION

Small business of internet café is play a great role on economic development of the country, especially on developing country like Ethiopia and expansion of small business throughout the country it used for reduction of poverty and jobless with creating the job. This internet café organized and established according to use3rs need and generate profit for organization. Then internet café business has six members or owners and also two workers and the total start-up of the business needed is 88205 ETB (Ethiopian Birr) and this budget include fixed and variable expenses in a month. This start up budget gained some percent from owners of the business and some percent from the government and it will back for the government after a time. The aim of the business is to serve the customers or users according to their needs. Generally the business generate profit after three years with high satisfaction of the customers.

Moti Melkamu

Ambo University,
Institute Of Technology
Department Of Industrial Engineering
Ambo, Ethiopia
motimelka.uit@gmail.com
