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INSTITUTE

Topic 2

Develop and present business proposals

Learner Guide

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BSBESB302 – Develop and present business proposals

Application

This unit describes the skills and knowledge required to research the viability of ideas for business opportunities and develop and present proposals for viable options in formats suiting a range of stakeholders.

The unit applies to those establishing or operating a business providing self-employment, as well as those establishing a new venture as part of a larger organisation. The proposals may relate to products and/or services offered by the business.

No licensing, legislative or certification requirements apply to this unit at the time of publication.

Performance Criteria

Element *Elements describe the essential outcomes.*	**Performance Criteria** *Performance criteria describe the performance needed to demonstrate achievement of the element.*
1. Evaluate business ideas	**1.1** Identify ideas relating to business opportunities **1.2** Research key factors influencing their financial viability **1.3** Analyse business ideas to determine viability of business opportunity **1.4** Record outcomes of evaluation according to workplace procedures
2. Manage risk associated with business proposal	**2.1** Identify potential risks associated with opportunity ideas and viability of business **2.2** Communicate with relevant stakeholders the potential risks **2.3** Assist relevant stakeholders to develop risk management systems
3. Develop proposal for viable business idea	**3.1** Identify audience for proposal, and required structure and content **3.2** Establish budget according to financial viability **3.3** Develop description of business idea according to identified budget and business opportunities **3.4** Confirm that draft proposal meets requirements
4. Present business proposal	**4.1** Determine presentation method suited to audience **4.2** Provide customised business proposal to target audience **4.3** Seek feedback to inform future proposals

Assessment requirements

Performance Evidence

The candidate must demonstrate the ability to complete the tasks outlined in the elements, performance criteria and foundation skills of this unit, including evidence of the ability to:

- Develop and present a business proposal for a product or service.

In the course of the above, the candidate must:

- Analyse information from a range of sources to evaluate the viability of the business opportunities, including:
    - consideration of personal commitments
    - risk identification and assessment
    - personal skills and attributes analysis against required skills
    - anticipated financial returns.

Knowledge Evidence

The candidate must be able to demonstrate knowledge to complete the tasks outlined in the elements, performance criteria and foundation skills of this unit, including knowledge of:

- Factors influencing financial viability of business ventures, including financial returns
- Factors influencing viability of business ideas, including:
    - impact of emerging or changing technology
    - personal circumstances and suitability of own skills profile
    - assessed risks
    - availability of required resources
- Key requirements for business proposals, including:
    - information relating to legislative requirements, regulations, standards and codes of practice
    - structure and content suited to audience needs
    - formats and methods of presentations
    - description of products and/or services
- Workplace procedures for:
    - recording outcomes of proposal evaluation
    - establishing income and expenditure costing for business proposal
- Principles of risk assessment relevant to business opportunity described in performance evidence.

Chapter 1: Evaluate business ideas

1.1 – Identify ideas relating to business opportunities

By the end of this chapter, the learner should be able to:

- Identify different ideas for business opportunities.

Presenting business proposals

This unit will focus on the skills and knowledge required to develop and present business proposals. Whether you are an aspiring entrepreneur or you already work within a successful company, you will gain an essential insight on how to evaluate the viability of your ideas, present them to relevant stakeholders and ultimately persuade them to buy your product or service.

Business proposals can be:

- Formally solicited:
  - this is a formally written description of the products or services, outlining key issues, costs, specifications, schedules and testimonials
- Informally solicited:
  - this is usually a conversation between two or more people, with a keen interest from the potential client, discussing the business opportunity
- Unsolicited:
  - this is cold calling, leaflet dropping and touting for business.

<u>Identifying business opportunities</u>

When you are looking for ideas for business opportunities, it is important to remember that the products and services that you offer will always be related to a specific human need. If a product or service is to be successful, it must respond to what potential buyers need or want. You will need the capacity to sense opportunities by being inspired by personal experience or from family and friends. You can begin the process by investigating what is around you. Look at demand for products and services in your personal circle or local area, and whether this demand is being met.

You could:

- Identify your own personal goals
- Research your favourite industry
- Analyse what services are being supplied
- Analyse challenges that clients and customers are facing and look for solutions

- Target potential clients and ask them about their needs and wants.

Match your skillset

Matching your skills and interests to your ideas will help you narrow down your focus on specific industries. Identify what inspires you or something you would be good at. If you have a passion for something, this will give you the energy to push your ideas forward and find solutions to any challenges you may face. Additionally, don't limit yourself if an idea falls outside of your current skillset. You can always learn new skills along the way.

Don't dismiss ideas

Sometimes ideas may seem too farfetched or out of your reach at a given time, but it is important not to dismiss them straight away. Some ideas need time to evolve or to gain momentum, and you should always keep them at the forefront of your mind whilst you monitor the progress. Always aim to research and explore them thoroughly, making adjustments if necessary, to covert the ideas into successful business ventures.

Widen your perspective

To help you identify ideas for business opportunities, try to widen your perspective on the world by seeing things through different sets of eyes. Aim to identify what makes people frustrated or angry and try to find solutions for them and what could potentially make their lives easier. An entrepreneur will always look to generate new business ideas and opportunities, and the winning formula will come from determination, inspiration, and creativity of thought.

Know your target market

Any successful entrepreneur will be consistently looking at their target market, identify what your competitors are doing well or what they need to improve on and think of opportunities where you could step in to expand your own customer base.

You could also subscribe to relevant industry publications, follow your competitors on social media and aim to keep up-to-date with the latest trends in your industry.

Key tips for business opportunities:

- Be inquisitive and learn about your market
- Focus on what people want
- Have faith in your ideas
- Brainstorm ideas with family and friends
- Identify client problems that you could solve
- Do your research
- Build a network for yourself.

1.2 – Research key factors influencing their financial viability

By the end of this chapter, the learner should be able to:

- Identify key factors that influence the financial viability of business proposals.

Financial viability

The next step in the development of business ideas is the need to research key factors that could influence the financial viability of them. Financial viability is a business's ability to generate sufficient revenue to meet the operating costs involved and make a profit. Therefore, a business idea has to be viable in the sense that it can create income which is more than the costs involved to implement it.

Have available funds

If you are working without a company behind you, make sure that you have enough cash or reserve funds to ensure you can manage the day-to-day costs involved in your business venture. You will need to carefully monitor the costs involved, don't overspend and try to anticipate potential threats to your funds. Be frugal and look at different ways you can make savings by analysing production, supply and marketing costs. If you are working for a larger organisation, you will still have to manage a tight budget to ensure you can win the work you are bidding for.

To help you do this, think about the following points:

- Track prices of resources and buy in bulk if necessary
- Re-negotiate with potential suppliers to reduce costs
- Use free business software if necessary
- Do your own PR and marketing work if necessary
- Go virtual to avoid office costs if relevant.

Key influencing factors

There could be a whole variety of influencing factors when it comes to the financial viability of your business proposals. To ensure you take note of the influencing factors, it would be a good idea to perform a cost estimation. If you do this, it will help you to identify all the factors that could jeopardise, damage or prevent your proposal from being viable.

A cost estimation will help you to establish the production costs, expenditures, contingencies and cost projections that correspond with the implementation of your ideas. To make this more simple for your stakeholder to follow, you could divide the costs into two categories.

The two categories will be internal and external factors.

- Internal:
  - start-up costs
  - increase in expenses
  - limited cash flow

- meeting customer demand
- maintaining stock

- External:
  - rise in supplier costs
  - economic conditions, such as a credit crunch or COVID-19
  - changes in interests rates
  - more efficient competitors
  - social changes, such as changes in legislation or environmental issues.

Do your research

Researching the influencing factors to the viability of your proposal will be the difference between success and failure. Research will empower you with the knowledge to bring your proposal to life. The more thorough you are in your research skills, the less likely you are to come across unforeseen challenges and risks to your proposal.

When you present your proposal, you will want to demonstrate that you have considered every eventuality, and you have sharpened your professionalism, analytical skills and judgements for your business idea.

To ensure your success, you must show you have considered the following points:

- Establish marketing strategies to reduce costs
- Understand the importance of planning
- Research target audience thoroughly
- Research market thoroughly
- Be realistic with time and available funds
- Avoid debt
- Research relevant industry information.

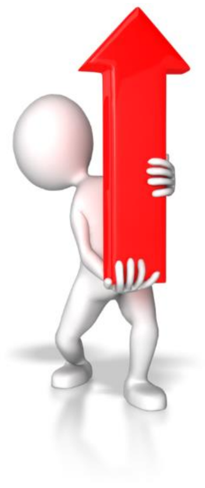
1.3 – Analyse business ideas to determine viability of business opportunity

By the end of this chapter, the learner should be able to:

- Analyse different aspects of business ideas to determine viability of business opportunity.

Will my business idea work?

Most entrepreneurs will have many business ideas running through their heads; ideas can come from social trends, networking and business circles, but the key to success is knowing which ones are worth your, or your company's, time and investment.



To help, you could ask yourself the following questions:

- "Is my idea worthy?"
- "Will my clients buy it?"
- "Will my idea generate enough revenue?"
- "Will I have the support of my superiors?"

To ensure you can answer "Yes" to these questions, you will need to check the validity of your idea. You can begin this process by asking friends, family and colleagues what they think, check the current market, play around with your idea, change and improve it if necessary and get a general feel about how people and stakeholders will respond to it.

Customer test

Once you have completed this research, enhanced, and improved your product or service if necessary, you can start to think about performing a customer test. A customer test is a fool proof way to start the marketing process, because if people do not respond well to your product or service, then you will struggle to get it off the ground from the off.

The customer test involves getting your product out to people who you trust and who will be honest with you. You will need honesty to get a clear picture of how potential customers will view your product or service. If you have family and friends who will struggle to be honest with you, you will not get a clear picture of how your product or service will be received. Additionally, if you do not have a big circle of appropriate people to help you, you can outsource your idea to market research or create your own online surveys.

The feedback you receive from these people will be invaluable for you in terms of the following:

- Approximating cost, deciding whether your product or service is too expensive or too cheap
- Identifying issues and challenges that your customers/clients could face when using your product or service
- Giving you the knowledge of whether your product will catch on

- Understanding the market and whether your product or service fits into this.

Golden egg?

A big mistake that many entrepreneurs make is coming up with a brilliant idea and failing to capitalise on it due to not doing their homework, not giving it the time it deserves or not having the capital to get it off the ground. Therefore, it's really important to analyse your idea in detail, to establish whether your time, effort and money will not be wasted and distinguish between ideas that will fall flat from the off or those that have the potential to be a 'golden egg'.

Be objective

Once you have completed your customer test, it is important not to take feedback personally. If you have put all your effort, time and potentially money into the product or service, it will be hard to take negative comments on the chin. However, to be successful in your business venture, you must.

Go over feedback with a fine-tooth comb, thrash out your issues honestly and fairly when dealing with start-up costs, supplier costs and any other overheads. Be objective about your projections too. One of the worst mistakes you can make is overestimating profits. Potential stakeholders will see straight through this, and the necessity of being realistic to how much profit your product or service will actually make in the first year is the question that will be on any stakeholder's mind.

Perform a trial run

If you have considered the previous points and you are happy with the progress so far, it will be time to trial run your product or service with the backing of your company if necessary. This will allow you to see how it performs in reality and will help you iron out any remaining issues. You will need to consider how this will be done and what you hope to achieve from it.

If you organise a trial run, you will need to consider:

- Setting clear goals
- Deciding on a time frame
- Choosing a testing group
- Gaining backing from relevant stakeholders.

Back to the drawing board

If you have reached this stage and you are not happy with how your business idea has evolved, or you have received negative feedback from your stakeholders, it could be time to go back to the drawing board.

If this is the case, you could ask yourself the following questions:

- Can my idea be adapted?
- Can my idea be salvaged?
- Can I take any knowledge or experiences forward?

1.4 – Record outcomes of evaluation according to workplace procedures.

By the end of this chapter, the learner should be able to:

- Identify how to record outcomes of evaluation according to workplace procedures.

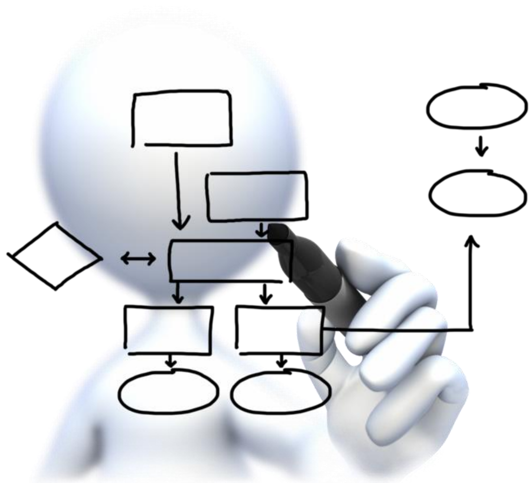
Workplace procedures

The most common procedure that companies will follow for business proposals is the Request for Proposal (RFP). The companies that are looking for specific products or services will go to the market and look for individuals or companies that could supply their demand. The document will be structured to ensure that a level playing field is in place for all potential business proposals, and potential clients will know that the company is following the relevant and correct procedures.

When you are completing an RFP, there will be a specific process that you will need to follow, this will include making sure you can identify who exactly your target audience is and who will be making the final decision on your proposal. You will also need to clarify the final budget and timeline expectations of their requirements. Additionally, the RFP will have a specific format that you must adhere to.

This will include:

- Title or coversheet
- Contents page
- Acknowledgment of work needed
- Details of proposal
- Deliverables
- Timeline
- Pricing
- Testimonials
- Terms and conditions
- How to proceed if successful.



Outcomes of evaluation

Outcome evaluation will allow you to measure the effectiveness of your business proposal in terms of short-term and long-term gain.

Short-term evaluation will help you establish the impact of start-up costs, resources, supplier issues and time frame restraints. Whereas, long-term evaluation will be based on the potential long-term gain of your business proposal, including customer responses, sales figures, profit gains, supply chains and any other long-term effect of your business proposal.

Outcome evaluation can be an effective way to establish the value of your idea, secure investments from your stakeholders and the likelihood of growing and expanding your business idea to reach its full potential.

Advantages of outcome evaluation:

- Helps you to understand the requirements of your customers
- Helps you evaluate the impact of your business idea on the local market
- Helps to identify the actual costs of your business idea, and how this can influence the future of your idea
- Will help you to determine if the target customer is ready for the implementation of your business idea
- Will help you identify if your business ideas are sustainable.

Chapter 2: Manage risk associated with business proposal

2.1 – Identify potential risks associated with opportunity ideas and viability of business

By the end of this chapter, the learner should be able to:

- Identify potential risks associated with business ideas.

Potential risks

When you are in the process of developing your business idea, it's really important to recognise that there will be risks attached. Some risks are more dangerous than others, and you will need to be aware of each of these and plan and prepare as much as you can. When you are planning a risk assessment, make sure you take note of the following five main risks that are associated with business.

These risks are:

- Financial
- Economic
- Operational
- Reputational
- Competition.

Financial risk

Financial risk is one of the most prevalent of all. When you propose a business idea, it is assumed that you will have considered the financial costs involved to get it off the ground. However, it is not only the initial costs associated with a business idea, it is the pressures you may face moving forward. These pressures could be issues such as poor financial planning and projection, or customer-related risks such as late, or non-payment. Both could result in a loss of income for you, causing you to have a reduced cash flow or problems paying your own bills.

You will need to manage your cash flow accordingly and fulfil your own financial obligations carefully to ensure you remain financially viable at all times.

Other financial risks can include:

- Market risks:
  - change in interest rates
  - material costs
  - change in exchange rates
- Underperformance
- Bad investments

- New competition.

To help you manage financial risk, you could consider the following points:

- Identify cash flow issues early
- Review arrangement with creditors if necessary
- Be cautious of extending customer credit if appropriate
- Regularly assess your financial situation.

Economic risk

Economic risk can be the most difficult to predict, mainly because these types of risks are out of your control. Before you go ahead with a new business idea, it's really important to factor in the potential economic risks involved and have contingencies in place where possible. Only go ahead if you believe that the benefits of your proposal far outweigh the potential economic risks.

Economic risks can include:

- Shifts in government policy
- Economic sanctions such as, COVID 19.
- Political instability
- Economic downturns.

Operational risk

Operational risks refer to the day-to-day activities required for your business idea. It can sometimes be related to human risk because it's more about the active decisions that are made in terms of functionality that could result in failure.

Operational risks will include:

- Lower production expectations
- Human error
- Failure to maintain systems or equipment
- Staff issues, such as:
  - underperformance
  - repeated sickness
  - fraudulent activity.

Reputational risk

Reputational risk is the threat to your business name, product or service by public perception. One of the biggest platforms for reputation damage is social media, and this is something that you will have to closely monitor to maintain a healthy reputation.

A negative reputation can occur in two main ways:

- Directly, as a result of your unintentional actions
- Indirectly, due to the actions of others.

Reputational risk can happen without any prior warning and can happen to any company, including large or global companies.

To manage reputational risk, aim to factor this threat into each decision you make, try to predict how people might react, and have an awareness of the implications of any actions you may take.

This can include:

- Monitor how your competitors manage their reputation
- Be objective about your product or service and consider how the public will perceive it
- Evaluate the potential risks that could damage or devalue your product or service.

Competitor risk

When dealing with competitor risk, always be mindful of how competitors can negatively impact your business and take measures to prevent them from affecting your goals and aspirations.

Competitor risks can include:

- Pricing:
    - competitors can undercut you and try to start a pricing war
- Location:
    - competitors may operate within your marketing circle or customer base
- Promotions:
    - competitors may add different promotions that can drive down your revenue or customer base.

When dealing with competitor risk, watch them closely and monitor their marketing behaviour. Make sure you are prepared to tackle any issues you may face and aim to have contingencies in place where necessary.

Awareness and planning will be the key to ensuring you are doing everything you can to protect your time, money and reputation after you have worked so hard to bring your ideas to life.

2.2 – Communicate with relevant stakeholders the potential risks

By the end of this chapter, the learner should be able to:

- Identify potential risks
- Communicate with stakeholders.

Communicating with relevant stakeholders

When you identify the potential risks associated with your business proposal, you will need to communicate this effectively to the relevant stakeholders. Relevant stakeholders will be the people who have an invested interest in your business idea or are influenced by it in any way.

Relevant stakeholders can include:

- Business partners
- Employees
- Customers
- Suppliers
- Creditors
- Communities
- Government agencies.

You must ensure that all stakeholders are kept informed and involved throughout the process. Frequent communication will be essential to the well-being of any business proposal and workplace relationship you have.

Stakeholders are an integral part of the process as they will provide you with invaluable support and knowledge in terms of the development of your business proposal. Therefore, It is important to realise that your stakeholders will sometimes need individual communication because they will have different interests and requests based on their input. It is important to note here that many projects fail due to the relationship between business stakeholders breaking down, so it is essential to communicate effectively and often with the relevant people.

To communicate effectively with your stakeholders, you could organise:

- Group emails
- Online virtual presentations
- Project reports
- Group video calls
- Lunch dates
- Social events

- Team building days.

Different communication methods will be necessary for each occasion, but however you choose to communicate with the relevant people, it is important to recognise that communication is the key to achieving success for your business proposal and maintaining important business relationships.

Communicating potential risks with stakeholders

Risk management is an essential part of business, and you must be able to identify the specific risks to your business idea and proposal. As previously mentioned, if you are discussing the potential risks attached to your business proposal, it would be important to speak to your stakeholders individually if necessary. Identifying the risks is essential to ensure long-term success, and you must tackle the risks at each stage, keeping your stakeholders updated at all times.

If you fail to communicate the process clearly to the relevant stakeholders, it could prove to be costly and damaging to the business proposal as a whole.

If you are able to contact your stakeholders to deal with the specific issues as they occur, it can help you keep the project on track and minimise the potential damage the risks could involve. Communicating regularly with the stakeholders, will give everyone involved an insight into the potential risks, and provide them with essential information and data, to help your business proposal to stay on track.

Communicating risks can also help you:

- Keep your stakeholders engaged
- Provide realistic expectations
- Promotes your own accountability
- Gain respect from your stakeholders.

2.3 – Assist relevant stakeholders to develop risk management systems

By the end of this chapter, the learner should be able to:

- Assist relevant stakeholders to develop risk assessment systems.

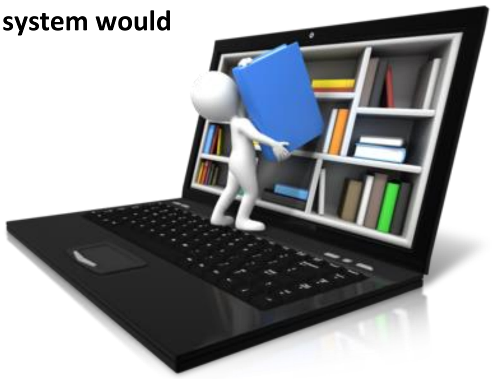
Risk management system

A risk management system is a structured approach to identifying, assessing and managing risk. This approach is based on the process whereby you can regularly update and review any development or actions being taken in the process of your business proposal.

By assessing your risk, you can ensure that you are aware of everything that is happening in terms of risk and take the appropriate steps to protect yourself, your stakeholders and your business. An effective risk management system will reduce not only the likelihood of an issue occurring but also the strength of its impact.

You will need to ensure that your risk management system is set up so it works consistently to identify and analyse risks. This can include many areas such as organising your day-to-day activities, planning your budgeting, and product supply.

When you are faced with a potential risk, a risk management system would help you:



- Identify risk
- Analyse risk
- Evaluate risk
- Treat risk
- Monitor risk.

Before you begin to identify and assess any risks, it is important to finalise the basics of how you will do this.

For example:

- Determine the size and scope of the risk, because if the risk is too high, it may be necessary to stop the business proposal
- Ask yourself if you have the available resources to minimise the risks?
- Ask yourself if you have the time to manage the risks?

Assisting relevant stakeholders

When you are developing a risk assessment system, make sure you not only inform your stakeholders of each stage of the process, but also involve them. The benefits of involving them will help you to share the value of your business idea, thrash out different solutions to overcome risks with them, and ultimately, focus on the objectives and outcomes together.

The benefits of involving and assisting stakeholders include:

- Combining different perspectives to develop a risk prevention strategy
- Combining different perspectives to have more scope for monitoring risks
- Establishing shared responsibility
- Bringing relevant stakeholders together
- Developing more informed solutions from all involved
- Embedding risk management into the day-to-day processes of business.

Communicating with stakeholders

Stakeholder engagement requires you to have the skills to build and sustain business relationships, and this is equally important when assisting your stakeholders to develop a risk management system. You can never put enough emphasis on your ability to manage risks using your own interpersonal skills to interact successfully with a variety of business figures.

You will want to ensure your stakeholders can see you are committed to your venture, that you are resilient to the potential difficulties you could face, and you will assist them in a transparent and diplomatic way.

The most effective way you can assist your stakeholders is by communicating with them respectfully at all times. You will want to demonstrate that you have heard their concerns related to risk, and you happy to discuss mutually agreeable solutions for all involved.

Communications with stakeholders should always be respectful; this includes your own and those of others. As well as being morally and ethically right to do, this can also bring other benefits.

Respectful communication can:

- Improve teamwork
- Improve workplace relationships
- Boost productivity levels
- Reduce conflict and stress.

Chapter 3: Develop proposal for viable business idea

3.1 – Identify audience for proposal, and required structure and content

By the end of this chapter, the learner should be able to:

- Identify appropriate audience
- Identify requires structure for proposal
- Identify required content for proposal.

Audiences

Whether you are working alone as a self-employed person, or working for an organisation, you will need to identify the most appropriate audience for your business proposal. When you present your business proposal, you will be aiming to secure support in terms of internal or external funding, and encouragement from potential investors and people with influence to work with you on the strength of your presentation.

It would be important to note here that finding out about your audience and their individual interests prior to the presentation, will help you tailor it to their preferences. This will give you a far greater chance of success because you will be able to focus your content to meet the needs of the audience.

The potential audience members could include:

- Colleagues
- Managers
- Clients
- Employers
- Internal Investors
- External investors
- Potential partners
- Customers
- Bankers.

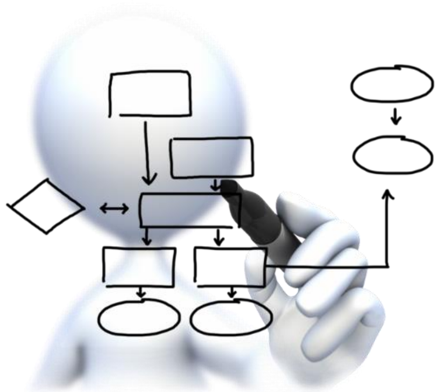
Required structure

There will be many reasons why you are presenting your proposal to a specific audience. However, always ensure that your proposal initiates interest, is concise and to the point. Ensuring your proposal is clear and relevant is important because time is money for business personnel, and they will be looking for a succinct summary of your proposal. The best way to achieve this is by having a clear structure to your presentation.

The structure of your proposal will be fundamental to the success of your business idea, so there are certain considerations you will need to take into account. Your focus should be on the audience's ability to understand clearly what your intentions are and, as previously mentioned in chapter 1.4, your business proposal should follow a formal structure that most companies and investors will expect.

This will include:

- Title or coversheet
- Contents page
- Acknowledgement of work needed
- Details of proposal
- Deliverables
- Timeline
- Pricing
- Testimonials
- Terms and conditions
- How to proceed if successful.



Required content

The required content of your business proposal is the key to getting the backing of your potential investors. So it may be easy to feel rushed and get it over with, but do take your time, and consider carefully what you want to include in your proposal. The first step you should take is to gather together all the relevant information you need, including the key elements, as this will create a more accurate and effective presentation of your business idea.

To help, always be mindful of the following points:

- Define proposal objectives clearly
- Identify who the main decision-makers will be
- Finalise the main points of contention
- Establish a clear budget with contingencies attached
- Establish clear deadlines
- Determine to next steps if your proposal is successful.

Proposal scope

The scope of your business proposal is the summary of the deliverables involved. This means that you must clarify what the investor can expect from your proposal and what you will do to meet their needs.

To help you, you could think of the scope in the following way:

- Who:
  - who will be responsible for each task, and who will take ultimate responsibility for the proposal outcomes?
- Why:
  - why should the investors choose your proposal?
- What:
  - what are the overall objectives and outcomes?
- Where:
  - where will the work be done and delivered?
- When:
  - when will you begin, what milestones will be included, and when will payments be due?

Once you have considered the different requirements for your business proposal, ensure your conclusion highlights the key strengths of your idea, reiterating the opportunity that is available to your investors, and make it perfectly clear that you are in a position to execute the plan successfully.

3.2 – Establish budget according to financial viability

By the end of this chapter, the learner should be able to:

- Establish a budget according to financial viability.

Establishing a budget

A business budget is an action plan that outlines the available funds for your business proposal. The main purpose of it is to help you keep track and manage your income and expenses throughout the process of your business proposal. However, a business budget is not only a way to monitor and manage what you spend, it should also include tracking revenue and profit.

It is important to remember that you should always keep an eye on the industry standards that will determine the average costs associated with business plans that are similar to yours. Once you do this, you can develop a spreadsheet that you can use to compare and estimate your spending activities.

Do bear in mind too that the emphasis should be put on factoring in unexpected costs that are costing more than you anticipated, and always make sure that you review your budget regularly.

If you do not have a workable budget for your business idea, you will run the risk of spending too much money and becoming financially unstable, or conversely, if you do not spend enough money on your business idea, you will run the risk of preventing your business idea from growing and flourishing.

A budget is a helpful way to help you keep track of the following:

- Final start-up costs
- Cash flow
- Operational costs
- Expenses
- A realistic estimate for your profits.

<u>Developing your business budget</u>

You will need to create an easy way to develop and monitor your day-to-day activities when it comes to your finances because it is really important to keep a tight rein on your purse strings to keep your running costs in the black.

You can do this by:

- Calculating what your average income will be
- Determine any fixed costs such as insurances and utilities (if relevant)
- Tallying variable expenses and get an average
- Finalise your budget.

Aligning your budget with financial viability

Once you have outlined the budget of your business proposal, you will need to make sure that your budget aligns with the viability of your business idea. In the simplest sense, this means your business has to have the potential to be successful, and to do this, you will need to establish that you have more money coming in than you have going out.

There will be no use in having a budget and estimating your average income and projections for success without clearly assessing the financial viability of your proposal. Checking this carefully will help you make the decisions about investment into specific items, generating a healthy cash flow, or budgeting for estimated expenses. As with any business venture, the budget you decide on is never going to be large enough to do everything you would like to do. However, you must carefully assess whether your business proposal can be considered viable.

To help you establish this, consider the following points:

- Have you estimated whether your proposal can stay in credit and turn a profit?
- Do you have the opportunity for a decent cash flow?
- Will you have a healthy balance sheet?
- Can you produce a good return on the investments for your stakeholders?

Developing your budget, looking carefully at every aspect of your business proposal will help you to assess the viability of your business idea. Ensure you use every resource available to you, make savings where you can and being consistently fugal will protect the investments of your stakeholders and the future success of your own business idea.

3.3 – Develop description of business idea according to identified budget and business opportunities

By the end of this chapter, the learner should be able to:

- Identify budget and business opportunities
- Develop description of business idea.

Budget and business opportunities

It is important to recognise that you will sometimes have to re-address your business idea depending on your available budget or changes to the industry landscape you are working within. Business ideas are fluid because they will rely on many external factors that will influence them, and you need to be flexible in your approach in order to respond quickly and efficiently.

Business planning and budgeting will help you to identify potential issues that require you to change or adapt your business idea to give it the best possible chance for success.

If you recognise that you need to develop your business idea due to the available budget changes or to the market conditions, there are specific actions that you could take to ensure you will still reach your business objectives and goals.

These could include:

- Being proactive and looking for alternative suppliers to save money where possible
- Adapt to market changes by looking for other avenues to sell your product or service
- Streamline your idea by focusing on the core objective.

Developing your business idea

When you have decided on a business idea, you will always want to live in the hope that it will fit perfectly into today's economy. However, to ensure the success of your business venture, you will need to establish a secure road map that you need to adhere to.

This should be:

- Keeping focus on your core product or service
- Keeping your proposal simple
- Staying true to what you believe in
- Mapping out your realistic capabilities.

There are specific areas that you can focus on to ensure that you can stay ahead of your competitors and secure the growth and success of your business idea.

Resources

Take a closer look at the resources you have identified for your business plan and think about how you can adapt them or streamline them to meet your new objectives. This could mean reducing the resources to the minimum to get your idea off the ground, and of course, gather more available resources if your budget allows or there is evidence that there is more demand for your product or service.

Compare your budget

It would be considered proactive to compare your budget to the actual outgoings and income of your business idea. You may find that you have more available cash flow than you thought, so you could aim to grow your business idea by branching out and developing it in a positive way, or you may find that you will need to tighten your belt in order to give your business ideas a fighting chance.

Negotiate

Once you are aware of any changes to your budget or any related business opportunity, it may be necessary to speak to the relevant stakeholders to negotiate with them. You can do this by arranging regular meetings and by giving them the full picture of the changes. Demonstrate that you can work together with them to find possible solutions to any issues you come across.

Be transparent

Always ensure you are open and honest with the relevant people around you. This will help to build trust in you and in the way you manage your business ideas and workloads. Aim to keep them fully informed of any changes, budget updates or available opportunities. Stakeholders will want to know how the changes will affect them, and always make sure they know that you are open to their contributions and solution ideas.

Continue to monitor closely

It is important to be mindful that changes to your business idea will be continuous. Nothing is set in stone in business, and to be successful, you will need to be proactive in recognising and adapting to changes to ensure the success of your venture. You could complete market research often by comparing sales with that of your competitors. This will help you identify your place in the market, and allow you to discover opportunities or threats that you may have missed.

3.4 – Confirm that draft proposal meets requirements

By the end of this chapter, the learner should be able to:

- Identify requirements of audience
- Confirm draft proposal meets requirements.

Business proposal requirements

It is important to note that your proposal's main purpose is to gather interest in your idea and encourage potential investors to get on board and back you. Every aspect of your proposal needs to be accurate, well-thought-out, and concise, giving the potential investors an honest and realistic overview of your business idea and prevent any confusion or unrealistic expectations.

Your business proposal is a crucial document that will begin the process for you, giving you the best possible chance for success. How you choose to develop it will be based on the context of your proposal and your audience.

To recap, there are three types of business proposal; these are:

- Formally solicited:
  - this is a formally written description of the products or services, outlining key issues, costs, specifications, schedules and testimonials
- Informally solicited:
  - this is usually a conversation between two or more people, with a keen interest from the potential client, discussing the business opportunity
- Unsolicited:
  - this is cold calling, leaflet dropping and touting for business.

<u>Audience requirements</u>

Your business proposal should always aim to capture the needs and requirements of your specific audience. You will need to pinpoint these needs and requirements concisely to ensure your draft proposal will be fit for purpose. It is crucial that you get this right; if you miss anything out or if you side-line a specific need without realising, you may miss opportunities for success, and your proposal would have failed. Remember, you cannot persuade your audience if you do not know what they are looking for. The needs and requirements of your audience can be defined as the influencing factors that will encourage them to buy your product or service.

To ensure you can pinpoint the requirements of your audience, there are a number of actions you can take.

These are:

- Identifying needs through analysis. This can be done via meetings, surveys or focus groups
- Speak to them individually. Give them the opportunity to share their requirements with you
- Collecting feedback from them and learn about their expectations.

Draft proposal

Once you have confirmed the specific needs and requirements of your audience, you will need to aim to match these to the product or service you are selling. It is easier to do this once you have all the relevant details in front of you. We have already covered the structure of a proposal in previous chapters, but now we will focus on the specific content you will need to include to give your proposal the best possible chance of success.

Executive summary

An executive summary will be a condensed version of your business proposal. More often than not, your audience members will not have time to read a lengthy proposal, so the summary must include all the specific details of your business idea.

Product or service details

Detail what you are selling at the beginning. Always put emphasis on the benefits of your product or service to align with client/customer needs and requirements. Clearly explain why your audience should choose your idea over others.

Market research

This will demonstrate that you have done your homework, and you have current and relevant knowledge of your industry. As an entrepreneur, you will want to highlight the fact that you can effectively determine the pricing, distribution and marketing strategies to become successful in a competitive market.

Demonstrate your position

This should include details on the position that you hold, the nature of your interest, as well as the essential factors that you believe will make your product or service successful.

Your business or organisation details

This will help your audience know from which position you stand, either as a budding entrepreneur or as a company employee. It should outline descriptions of all the relevant details.

Marketing strategies

This section should be the main feature of your draft proposal.

It should outline the details such as:

- Target audience
- Target market
- Competitors
- Strategies for success.

<u>Any funding requirements</u>

This should state clearly any funding you will need to get your business ideas off the ground.

Chapter 4: Present business proposal

4.1 – Determine presentation method suited to audience

By the end of this chapter, the learner should be able to:

- Identify different presentation methods to suit audience.

Presentation methods

Now you have prepared and developed your proposal, you will now need to give some thought to the method you will choose in how you present it.

Of course, the method will rely on the context of your presentation, for example:

- When and where you will present it
- Who will be present
- Whether you know your audience personally
- Whether the audience is unknown to you.

Formal or informal

Establishing whether the presentation will be formal or informal is one of the main questions. This will make a huge difference in the way that you plan, prepare or deliver the details of your proposal. If the audience is unknown to you, it will be more likely that you will present your proposal in a more formal style, using a PowerPoint, and it will be more likely to be in an office setting.

To help you further, there are several key aspects that you could take into consideration:

Establish what facilities are available

These can include:

- Setting
- Room size
- Available equipment such as:
  - overhead projector
  - slide projector
  - projection stands
  - computers
  - screens
  - video equipment, such as teleconferencing.

The occasion

A formal conference in a large lecture hall with 100+ people will require you to take a completely different approach to that of a meeting with two or three other people in a small meeting room. Establishing the circumstances of your presentation will be essential for you to determine the most appropriate style and approach to take.

Resources

If you are presenting in a more informal setting, you could hand out a copy of your proposal that summarises the key points, and you could talk your audience through the document using your own notes. Whereas a more formal approach would require a presentation, perhaps by PowerPoint, and this could be used as a prompt to help you stay on track and keep your audience engaged.

It is important to note here that it is acceptable to have notes with you during a presentation. Even the most experienced presenters will have notes with them to help jog their memory or aid their presentation.

Know your audience

You will know who your audience is prior to the delivery of your presentation, so use this to your advantage. As mentioned in previous chapters, you will want to tailor your presentation to meet the requirements of your audience, whether they are familiar to you or not, so it would be essential to plan around this. If you do know your audience already, it will be likely that you will need less planning, and you will be more comfortable sharing your information with them. If your audience is large and unknown, it will be more likely that you will have to plan meticulously in order to tailor your presentation to suit the needs of the audience. Aim to know your presentation thoroughly, and listen carefully to any questions your audience may have and respond appropriately. Communication is the winning factor when it comes to business proposals.

Presentation skills

The presentation skills that you use could be the difference between success or failure of your proposal, so if you have time, you could record your presentation prior to it taking place. This will help you identify areas of weakness, and you will have time to make improvements. Aim to make your presentation captivating so it's worthy of the audience's time and attention.

You will need to make sure that you dress appropriately to present yourself in the best possible light to your audience. You will be aiming to secure trust from your investors, and your own presentation can be the make or break of this.

Always try to remain calm and relaxed when presenting your proposal, aim to build a rapport with your audience, and use persuasive tools such as emotive language to encourage them to buy into your idea.

Try and vary your tone of voice by using intonation to keep your audience engaged. Also, be mindful of your audience and keep positive eye contact throughout. This will help build trust in you and your idea.

4.2 – Provide customised business proposal to target audience

By the end of this chapter, the learner should be able to:

- Define target audience
- Identify customised business proposal.

Target audience

It is important to remember that a target audience is a specific group of people who have shared characteristics and are more likely to buy your idea, product or service.

One of the most important actions you will take in business is making sure you reach your target audience. You must ensure that you get your message out to the right people, and to be successful, you will need to do this effectively. If you get this wrong, you could end up wasting all your time, effort and money, so defining the clear steps that will ensure you get the attention of the right people is essential.

There are four main steps that will help you identify your target audience; these are:

- Analysing your current customers (if applicable)
- Collecting demographic data
- Send out customer surveys
- Look for trends in feedback.

Analysing your current customers

A good place to start when identifying your target audience is taking a close look at your current customer base. This will give you a clear idea of who your customers are, their likes and dislikes, and the kinds of products and services that they like to buy.

Establish a demographic profile of target audience

Collecting the information on the demographics of your target audience will help you build a profile of your 'perfect customer'. For example, it will help you establish whether your audience is mostly male or female or a mixture of both. It can help you establish an average age, location or lifestyle, which will help you specifically target your product or service to match their needs.

Demographics can include:

- Gender
- Age
- Education
- Occupation
- Location
- Lifestyle.

Send out customer surveys

Customer surveys can be an effective resource to optimise your business proposal in a smart way. They can give you valuable information on customer behaviour, including loyalty, buying habits and buyer experiences. You can send out customer surveys prior to finalising your business proposal to get a feel of the market and gain an understanding of how customers may perceive your idea, product or service.

Look for trends in feedback

Once you have the feedback from your customer surveys, you can start looking for trends, traits or behaviours that will give you further insight into what your target customer will look like. This will simplify the process by helping you to understand what drives customer satisfaction, encouraging you to implement suitable changes and to improve business opportunities.

Customised business proposal

Once you are able to define your target audience clearly, it will be much easier for you to customise your business proposal. It will help you really understand the purpose of your idea, product and service and who is more likely to buy it and benefit from it the most. You will be able to craft and modify your proposal so it is fit for purpose and gains the most attention from your designated group.

Focus on the benefits, not the features

One of the first lessons you can learn when developing your business proposal is knowing the difference between the features and the benefits of an idea, product or service. The features are the main characteristics or functions of it, and the benefits are the rewards that a customer will gain if they buy it. For example, if you are selling a mattress, the audience would not be overly interested in the materials you use to make it, but they will be interested in whether it will give them a good night's sleep or not.

To customise your proposal further, there are some other points you could take note of. These can include:

- Maintaining awareness of your audience throughout the development of your proposal
- Adjusting language and colloquialisms to resonate with your audience
- Recognising their values and principles so you can understand what is important to them
- Avoiding stereotyping or including preconceptions that could cause offence.

4.3 – Seek feedback to inform future proposals

By the end of this chapter, the learner should be able to:

- Create suitable and appropriate questions to gather feedback to inform future proposals from relevant stakeholders.

Seeking feedback to inform future proposals

Now we are going to turn our attention to your own performance by seeking feedback to inform your future proposals. As well as being an act of self-reflection, you will also need to consult relevant stakeholders to gather information on the topic.

To progress as a professional and build a thriving career in business, you should have a clear idea of what you are doing well and what can be improved upon. This includes perceptions of your actions and decisions. Without honest, reliable and clear feedback, you will not be able to grow in your role.

Steps to ask for feedback on future proposals include:

- Defining the goal(s) of feedback:
  - determine the goal, e.g., getting a clear and accurate picture of performance
- Identifying relevant feedback providers:
  - not everyone can provide relevant and helpful feedback
- Preparing questions:
  - keep your goals in mind when selecting questions to ask stakeholders
- Asking for feedback with an open mind:
  - be prepared to receive both positive and negative feedback
  - understand the work environment from the stakeholders' perspective
- Making a commitment and following up:
  - identify what you are going to do with the feedback
  - act upon the feedback and make necessary changes to improve processes in the future.

Let's take a closer look at the goals of feedback and examples of questions you may ask certain stakeholders. This will, of course, depend on whether you are self-employed or work for an organisation, so remember to adjust each of the above steps to fit in with your role and what feedback you wish to seek.

Defining the goal(s) of feedback

Good feedback is going to help you avoid repeating negative patterns when you present business proposals in the future. It will help you grow as a professional, identifying what you do well but also providing a clear path to improve upon any areas of weakness.

Be prepared for the feedback you will receive. Do not become defensive when obtaining suggestions and comments, and demonstrate positive language choices and non-verbal communication techniques that show you are open to opinions and ideas. If you show negativity, then stakeholders may not be so forthcoming or honest with you in the future. Often, providing feedback is just as hard as receiving it.

With this in mind, think carefully about the goal(s) of the feedback you are requesting. What do you need to know? What information will show good and bad performance details? You may wish to drill into the specific work task in order to gather more meaningful feedback, or you might want to draw a wider, more general perspective on your role.

Try to clearly define and simplify your goal(s), as this will help with the other steps needed to gather feedback, especially when preparing relevant and appropriate questions.

Preparing questions

You must keep your goal(s) as the focus when determining which questions you want to ask stakeholders. Here, we will use a broad example of presenting business proposals as this is useful across a number of industries and organisations.

Example questions may include:

- Do you feel that my business proposal was worthy of your attention?
- Have you felt there were any gaps in my proposal?
- Do you have any suggestions or comment on how I can improve in those areas for the next time?
- What would you like to see me improve in my next proposal?
- What do I do well now? What can I improve upon in the future?
- Has there been enough interaction in my proposal? Not enough or too much? What changes would you like to see?
- If you were in my shoes, what is the first thing you would change about presentation style going forward?
- What’s your impression of the way I interact with audiences in terms of communication? Do you have suggestions for how I could communicate with them more effectively in the future?
- What should I focus on to improve over the next six months? Why do you think it is the most important thing for me to focus on?

Other considerations of seeking feedback

As mentioned, you will need to adjust the steps listed to fit your role and workplace. To help you consider the most suitable options, below is a list of tips and techniques to identify and gather relevant and appropriate information.

These tips include:

- Thinking carefully about the right feedback givers (the more variety, the more insightful feedback will be):
  - colleagues will see your performance on a regular basis and may not fear repercussion of feedback as much
  - team members will need reassurance that you want to hear their honest opinions (also choose team members of different positions and points of view, not just your favourites)
  - managers often only provide feedback during formal reviews
  - clients offer a unique perspective as they often see the final product or service (they see the business from the outside in)
- Asking for feedback in an appropriate manner:
  - not all feedback has to be given face-to-face – think about a suitable method that promotes honesty and openness. Options include:
    - online (direct into files or onto a file in your browser, email, survey, project management tool)
    - offline (physical survey, conversations)

  - select an appropriate time and deadline (do not appear needy and unsure of yourself, but seek feedback at a consistent pace and during important events)
- Circling back to stakeholders that have provided feedback:
  - outline the actions you have taken and any changes made (this shows you value their input and will encourage feedback in the future).