



**Build your
own future
today!**



HANDBOOK

FOR

TAJKISTAN YOUTH ENTREPRENEURSHIP TRAINING – THE YOUNG ENTREPRENEUR’S HANDBOOK – LEVEL 1

State Committee on Investments and State Property Management of the Republic of Tajikistan – Consultative Council on the Improvement of Investment Climate under the President of the Republic of Tajikistan - Ministry of Education and Science of the Republic of Tajikistan



The handbook you now hold in your hands contains all essential information of the training "Young entrepreneur - level 1" that you already passed. The handbook helps you to understand the basics of entrepreneurship and empower you to build your future in Tajikistan.

The handbook was developed and published within the project "Build your own future today" and supported by the State committee on investments and state property management of the Republic of Tajikistan, Consultative Council on improvement of investment climate under the President of the Republic of Tajikistan, Ministry of education and science of the Republic of Tajikistan and financed by the World Bank.

The handbook provides youth with detailed guidelines on how to conduct entrepreneurial skills including business relationships, marketing and accounting skills to help them set up their own businesses. Entrepreneurship is a step toward more jobs, more peace and less conflict. Entrepreneurship development contributes to the economic development of the country.

We hope you enjoy this handbook!

"Build your own future Today!"

The team



State Committee on investments and state property management of
the Republic of Tajikistan
Consultative Council on the Improvement of Investment Climate
under the President of the Republic of Tajikistan
Ministry of Education and Science of the Republic of Tajikistan



SMART START!

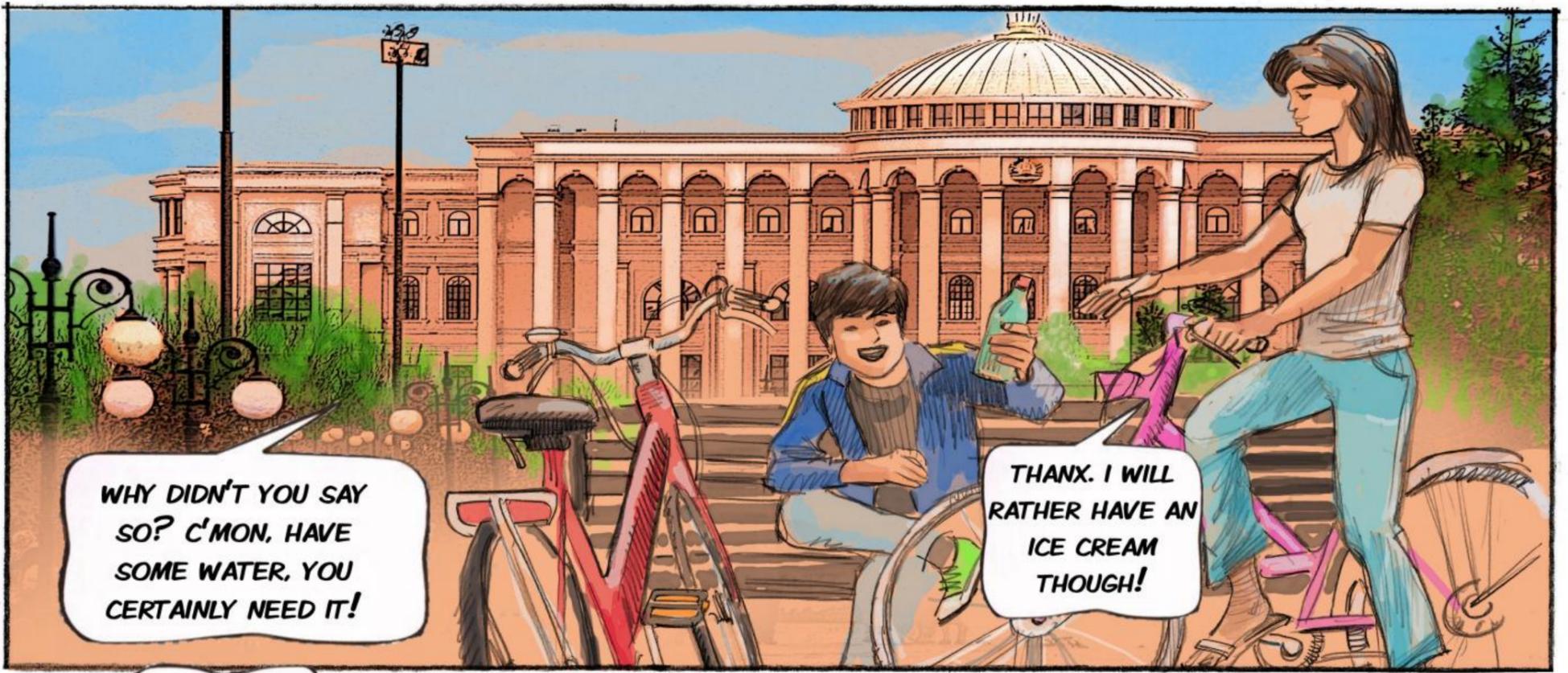
ART BY: DRAGAN ROKVIC
STORY IDEA: AZIZA PULATOVA
ADAPTED FOR COMICBOOK AND WRITTEN BY: DRAGAN ROKVIC

RUDAKI PARK, DUSHANBE—
AFTER LONG DAY OF CYCLING
AROUND, JOEY AND SARAH
WANTS TO REST—



I AM TIRED,
SHALL WE SIT
ON THAT
BENCH?

I WAS KINDA
HOPING YOU
GONNA SAY THAT!



WHY DIDN'T YOU SAY SO? C'MON, HAVE SOME WATER, YOU CERTAINLY NEED IT!

THANX. I WILL RATHER HAVE AN ICE CREAM THOUGH!



HEY, REMEMBER WHAT WE TALKED YESTERDAY?

HMMM... ABOUT WHAT?



ABOUT WHAT ARE WE GOING TO DO IN THE FUTURE. I DECIDED TO BE AN ENTREPRENEUR AND START MY OWN BUSINESS. AND I WILL SELL ICE CREAM!



THAT'S AN GOOD IDEA! HAVE YOU MAKE ANY PLAN, LIKE BUSINESS PLAN?

PLAN? MY PLAN IS TO EARN SOME GOOD MONEY!

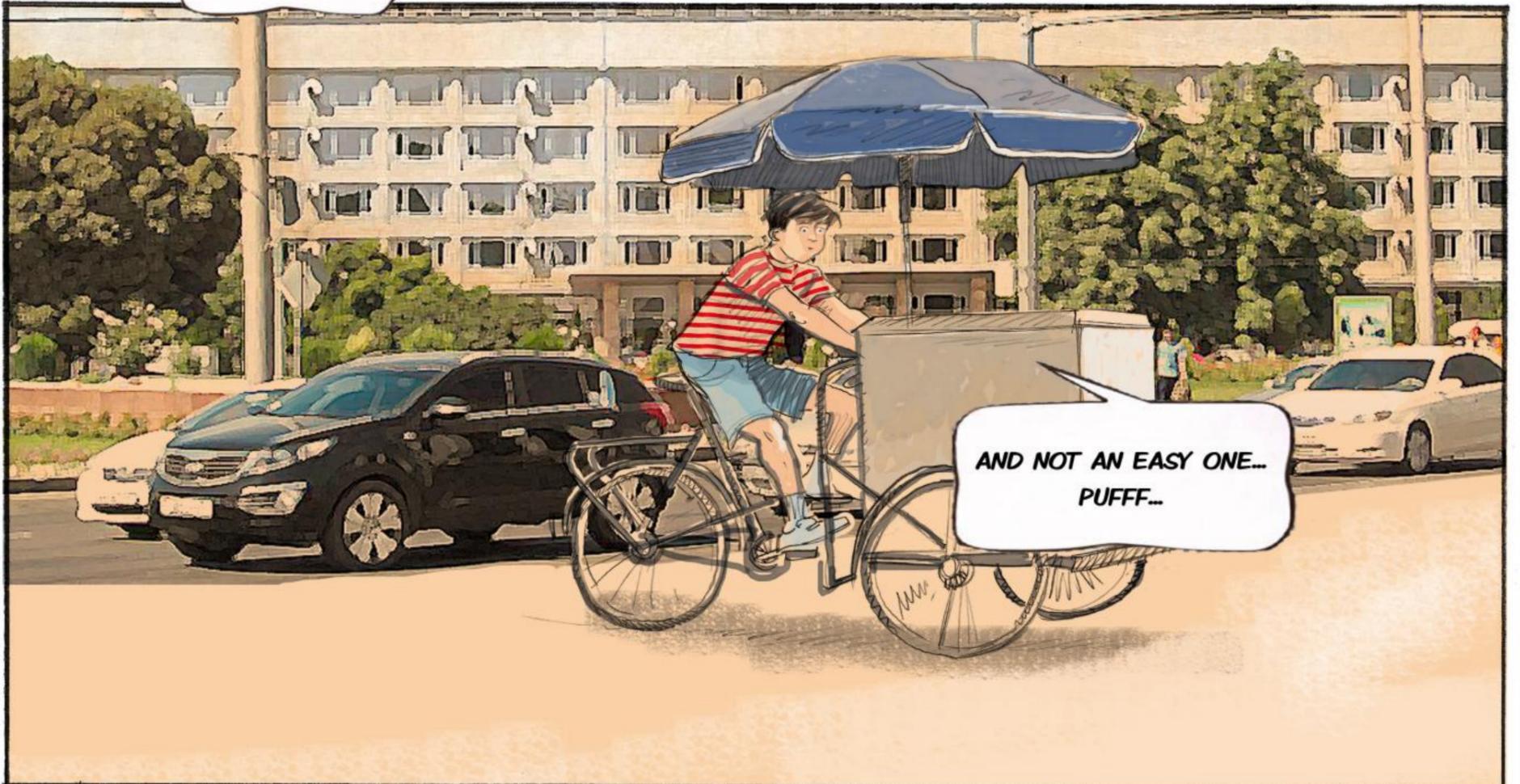
OH JOEY, YOU ARE SMARTER THAT THAT! YOU KNOW YOU HAVE TO MAKE BUSINESS PLAN FIRST!

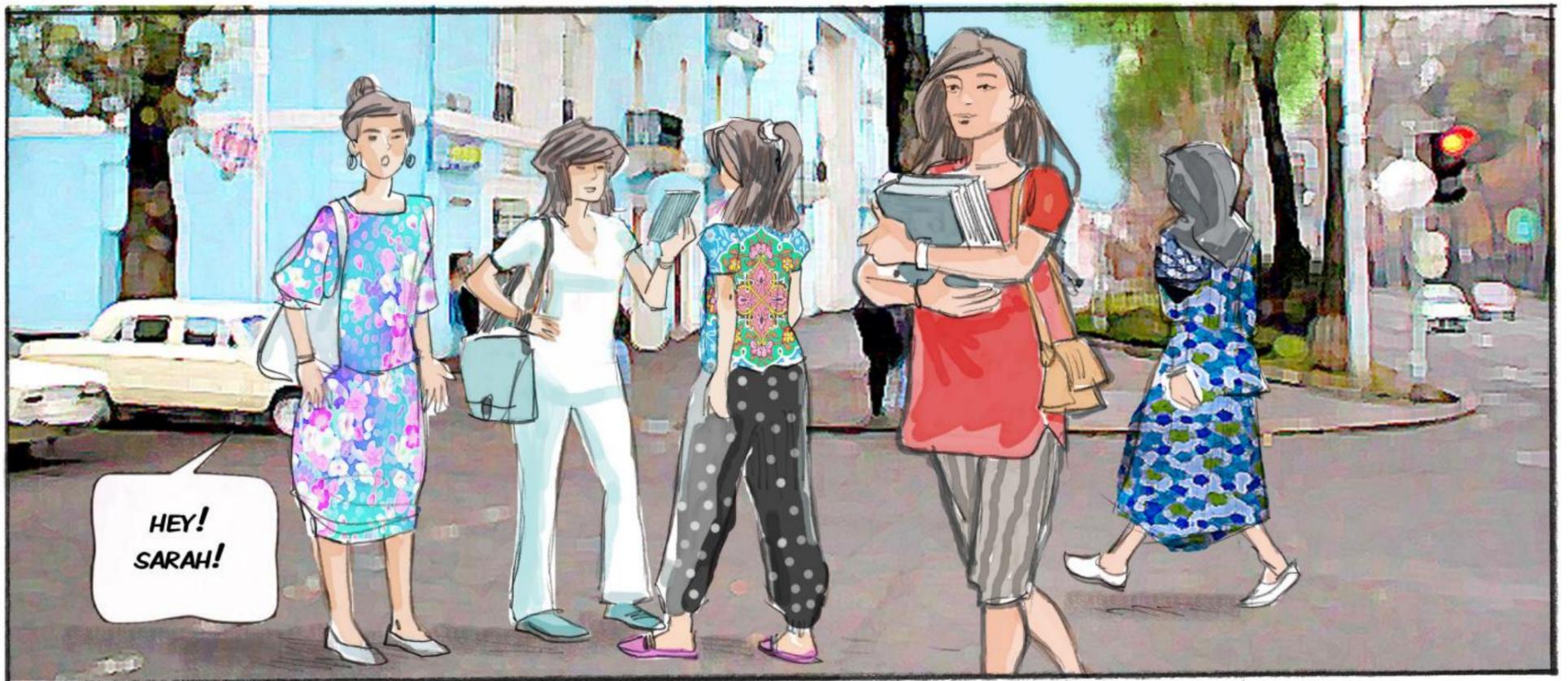


WHAT NOW?

YOU JUST HAVE TO SPOIL EVERYTHING,- DO YOU?







HEY!
SARAH!



WE HAVEN'T SEEN YOU IN
AGES! WHAT IN THE
WORLD ARE ALL THESE
BOOKS FOR?



THESE ARE BUSINESS
BOOKS. ENTREPRENEUR-
SHIP, YOU KNOW... I AM
GOING TO START
A BUSINESS!



ARE YOU
OUT OF YOUR
MIND?

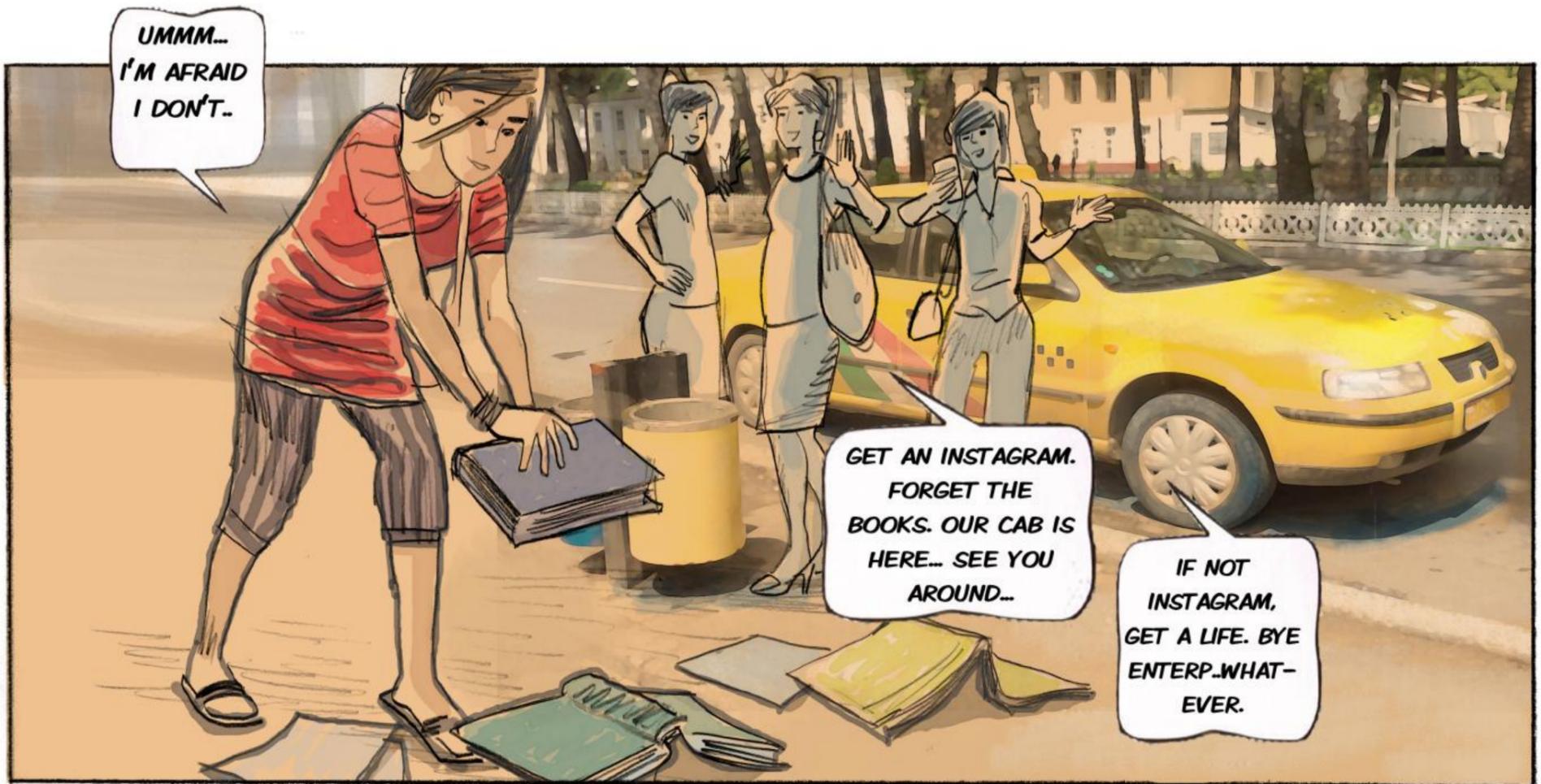
ENTERPRENEURS HAS TO
SACRIFICE SOMETHING TO
GET SOMETHING... OH, THAT'S
MY BUS, SORRY...
OOOHHH...!!!!



POOR
DARLING!

YOU 'LL MISS
THAT ONE...

SAY CHEESE! WILL
LOOK GOOD ON YOUR
INSTAGRAM... YOU HAVE
ONE?



UMMM...
I'M AFRAID
I DON'T..

GET AN INSTAGRAM.
FORGET THE
BOOKS. OUR CAB IS
HERE... SEE YOU
AROUND...

IF NOT
INSTAGRAM,
GET A LIFE. BYE
ENTERP..WHAT-
EVER.



AH! SOMEONE
NEED AN ICE
CREAM, I CAN
TELL!



GIVE ME THAT
WRAP, SERGEI...
YOU ARE BIG BOY
NOW AND NOT
NEED IT...

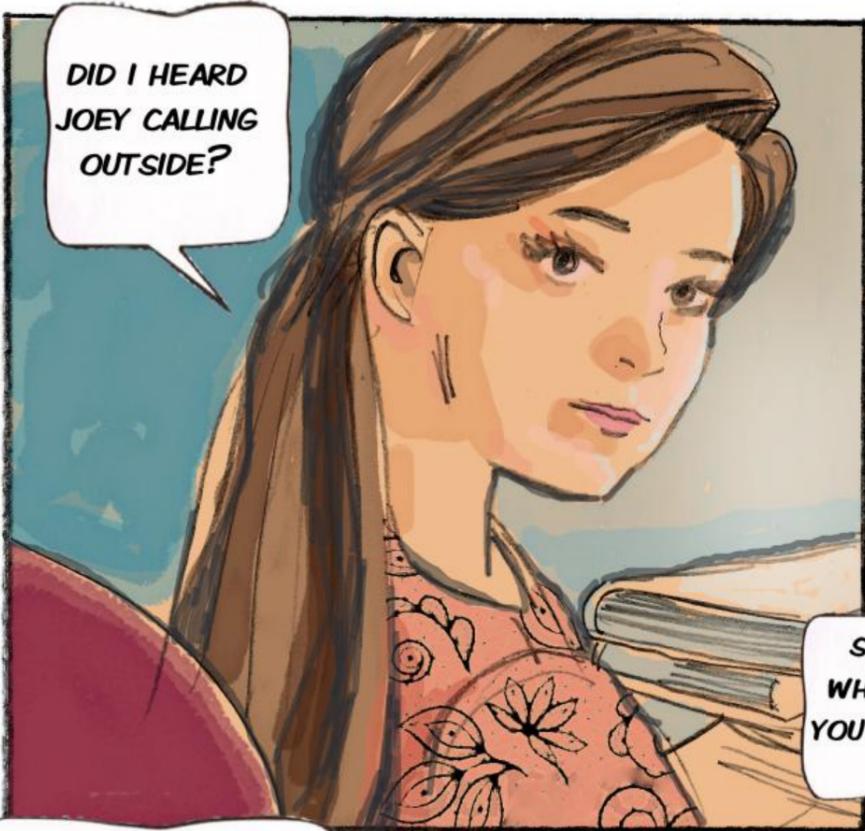


YOU DO HAVE A TRASH
CAN, MY BOY, I HOPE. WE
DON'T WANNA TRASH
OUR FAIR CITY, RIGHT?

CERTAINLY I DO, MAAM.
JUST GIVE ME THE
PAPER.

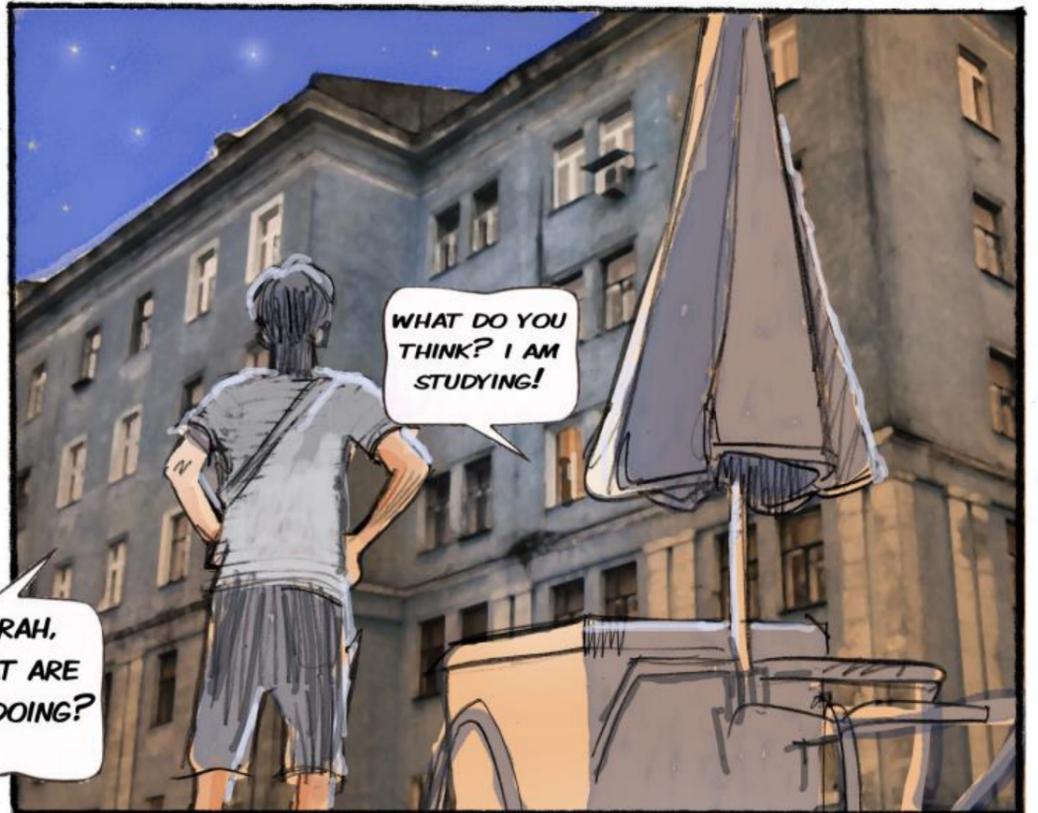


GOOD-
BYE, MAAM!
COME AGAIN
SOON!



DID I HEAR JOEY CALLING OUTSIDE?

SARAH, WHAT ARE YOU DOING?

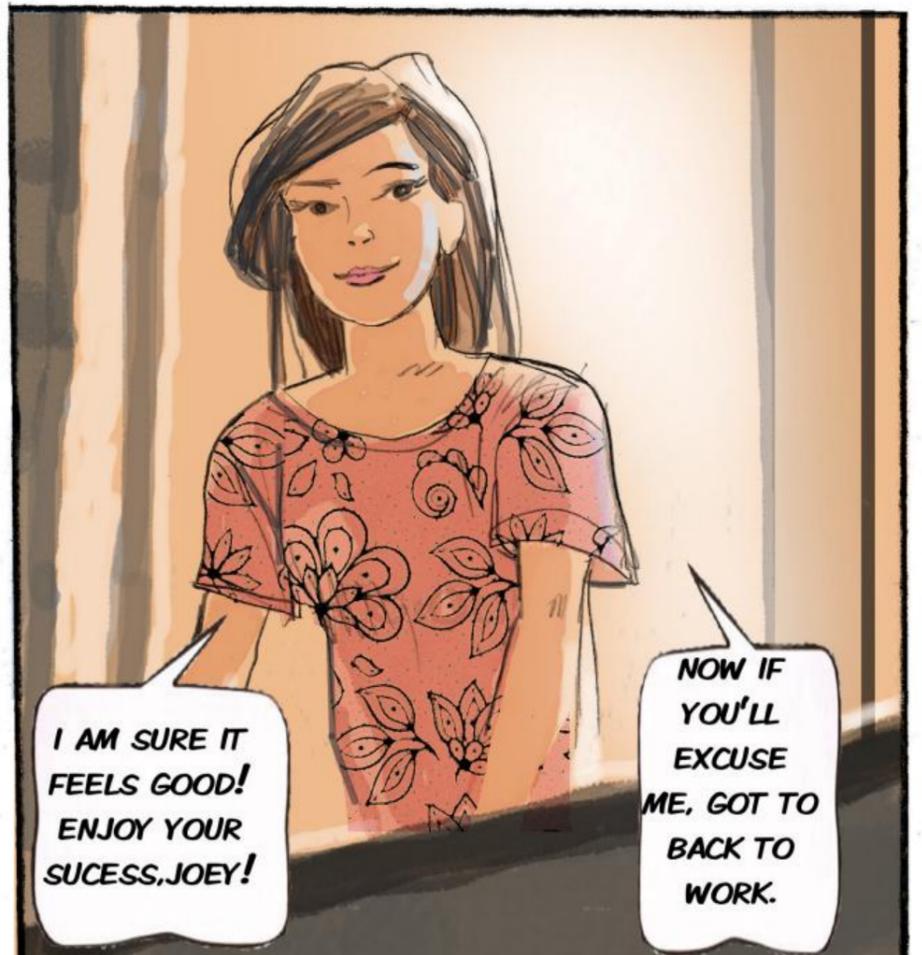


WHAT DO YOU THINK? I AM STUDYING!



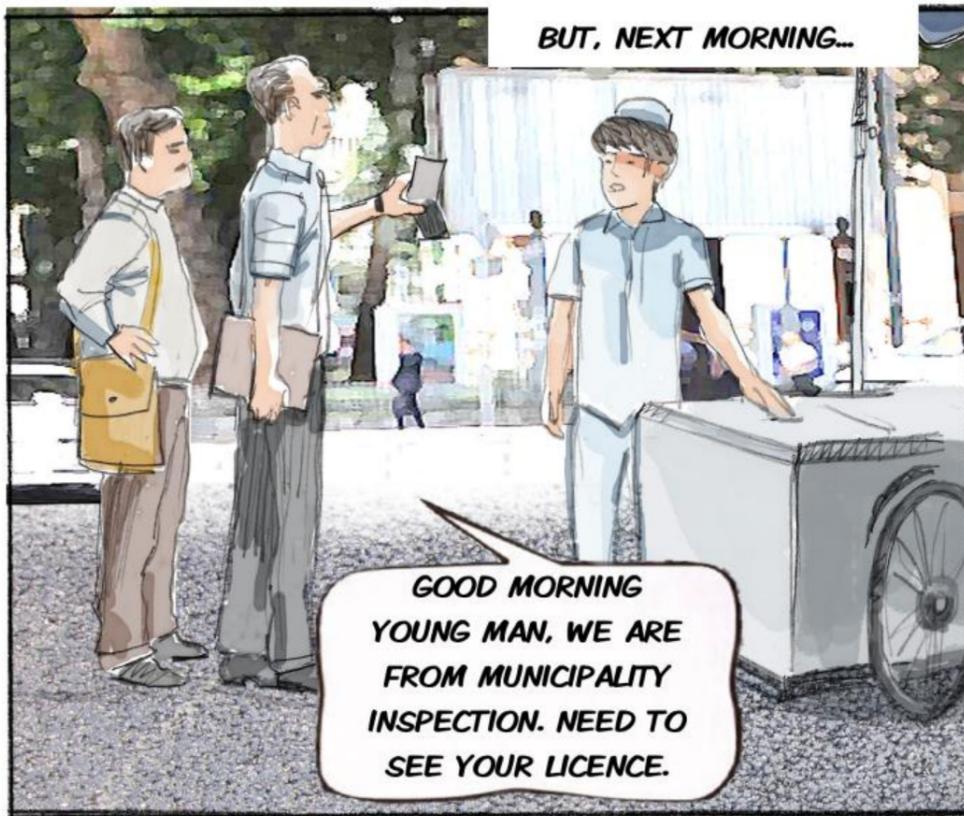
YOU MEAN YOU STUDYING HOW TO EARN THESE?

YOU HEAR THEM CLICKING? THERE'S SOME PAPERS TOO...HAHA!



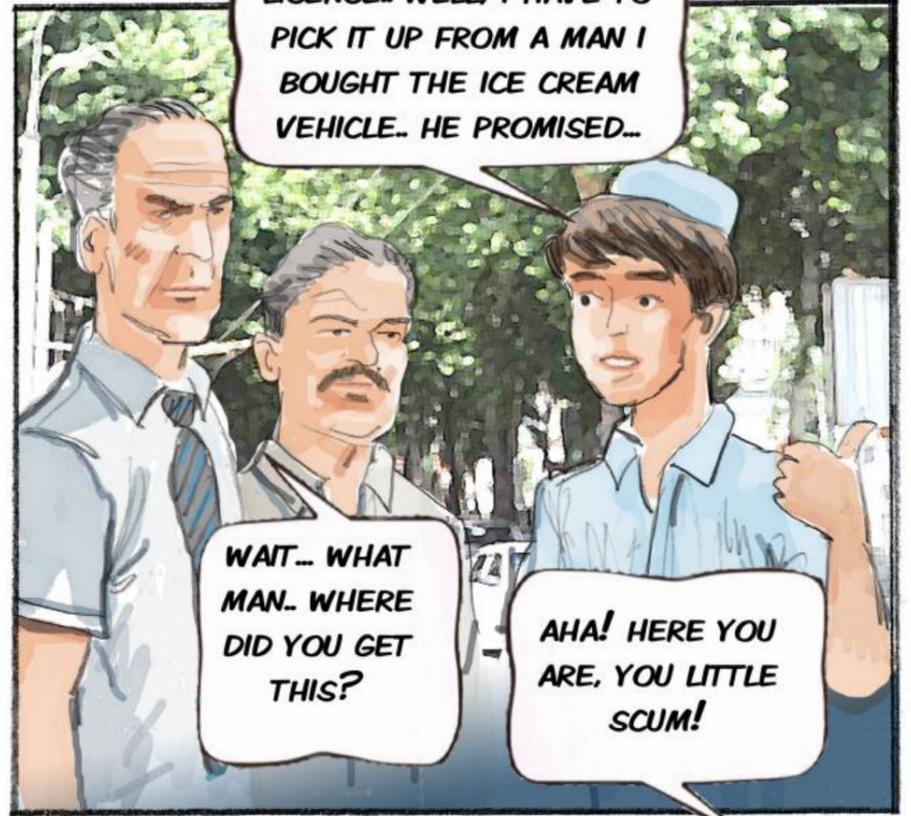
I AM SURE IT FEELS GOOD! ENJOY YOUR SUCESS, JOEY!

NOW IF YOU'LL EXCUSE ME, GOT TO BACK TO WORK.



BUT, NEXT MORNING...

GOOD MORNING YOUNG MAN, WE ARE FROM MUNICIPALITY INSPECTION. NEED TO SEE YOUR LICENCE.



LICENCE. WELL, I HAVE TO PICK IT UP FROM A MAN I BOUGHT THE ICE CREAM VEHICLE.. HE PROMISED...

WAIT... WHAT MAN. WHERE DID YOU GET THIS?

AHA! HERE YOU ARE, YOU LITTLE SCUM!



THIS SMART FELLA SELLING SCUM! MY BOY GET SICK AFTER HE ATE HIS ICE CREAM!

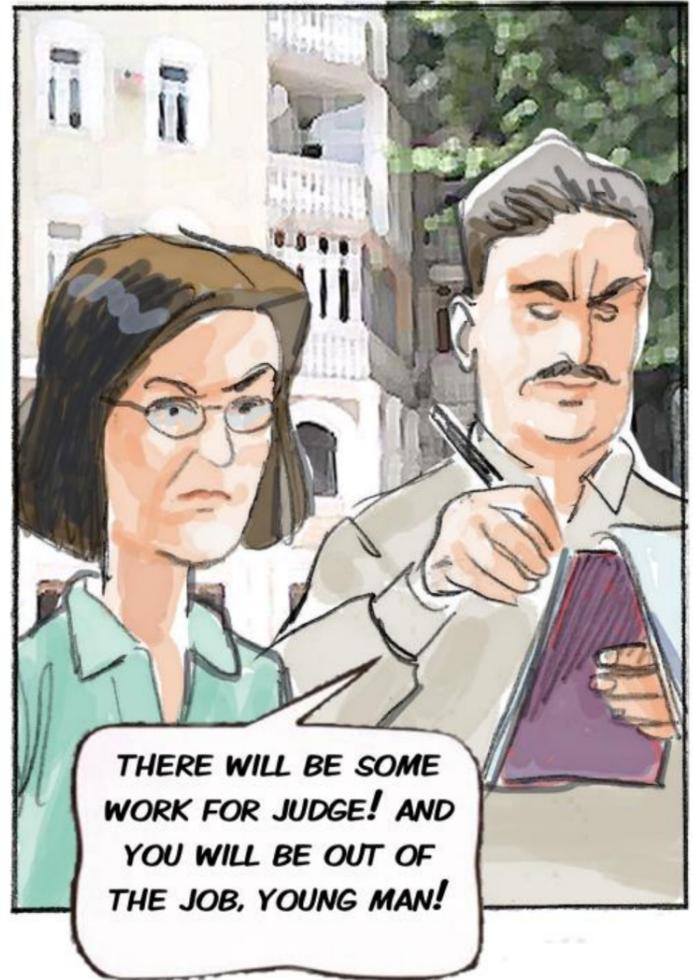
AND HE DOESN'T CARRY THE TRASH CAN! THROWING THE WRAP PAPERS AROUND TOO!

MISS, PLEASE, MY ICE CREAMS ARE GOOD...

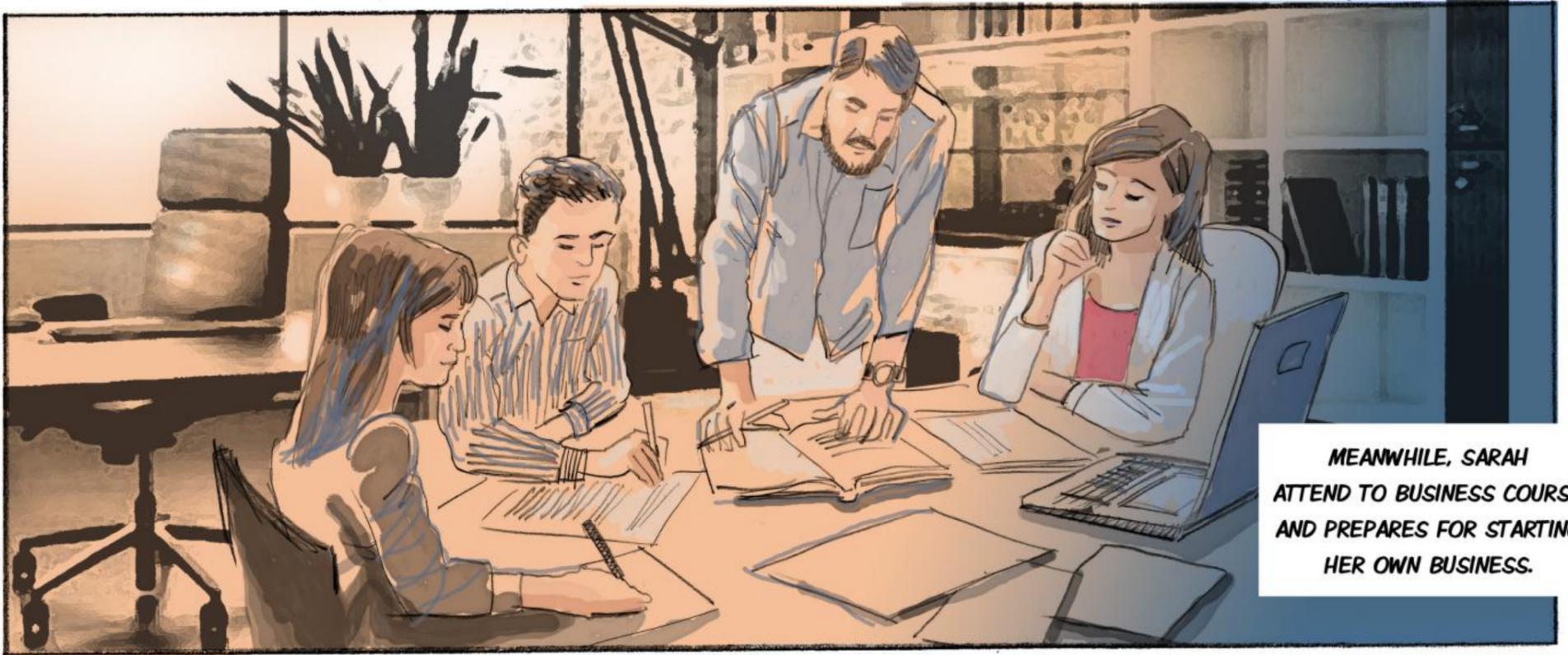
HOW DO YOU MEAN GOT SICK...



THAT'S WHAT I THOUGHT! NO WONDER BOY GOT SICK! YOUR ICE CREAMS ARE EXPIRED! AND YOU GOT NO LICENCE!



THERE WILL BE SOME WORK FOR JUDGE! AND YOU WILL BE OUT OF THE JOB, YOUNG MAN!



MEANWHILE, SARAH ATTEND TO BUSINESS COURSE AND PREPARES FOR STARTING HER OWN BUSINESS.



ON HER WAY HOME THAT EVENING...



JOEY?
WHAT ARE YOU DOING HERE?



WELL, I AM SITTING IN THE DARK...

THAT'S NOT FUNNY!
YOU SCARED ME!
WHAT HAPPENED TO YOUR BIKE? AND YOUR CASH BAG?



SOMETHING HAPPENED... TELL ME.

I BLEW EVERY-THING. THEY CAUGHT ME WITHOUT MY LICENCE TODAY.



I DIDN'T KNOW BUT THIS GUY SOLD ME EXPIRED DATE ICE-CREAMS. I LOST MY SAVINGS, MY BICYCLE...

PLUS THE FINE FROM A CITY COURT, THAT WILL BE THE WORST.



AND YOUR PARENTS.. THEY KNOW?



OH YES.. THAT IS THE WORST IN FACT! THEY ARE VERY DISAPOINTEED! OK, NOW IT'S YOUR TURN TO MAKE LAUGH OF ME. OR AT LEAST THE FAMOUS " I TOLD YOU"



I AM YOUR FRIEND, YOU FOOL, SO I AM NOT GONNA LAUGH! INSTEAD I WILL GIVE YOU SOMETHING USEFUL!

LAST ONE WHO REACH FOR THE PAPER IN HIS BAG GAVE ME FINE!



SO... THIS IS YOUR WONDER KEY TO SUCESS?

THIS IS JUST FOR STARTERS! IT WILL BE MUCH MORE AND VERY DEMANDING. BUT IT WILL PUT YOU IN THE RIGHT TRACK. IF YOU ARE WILLING TO GET ON TO IT FINALLY?



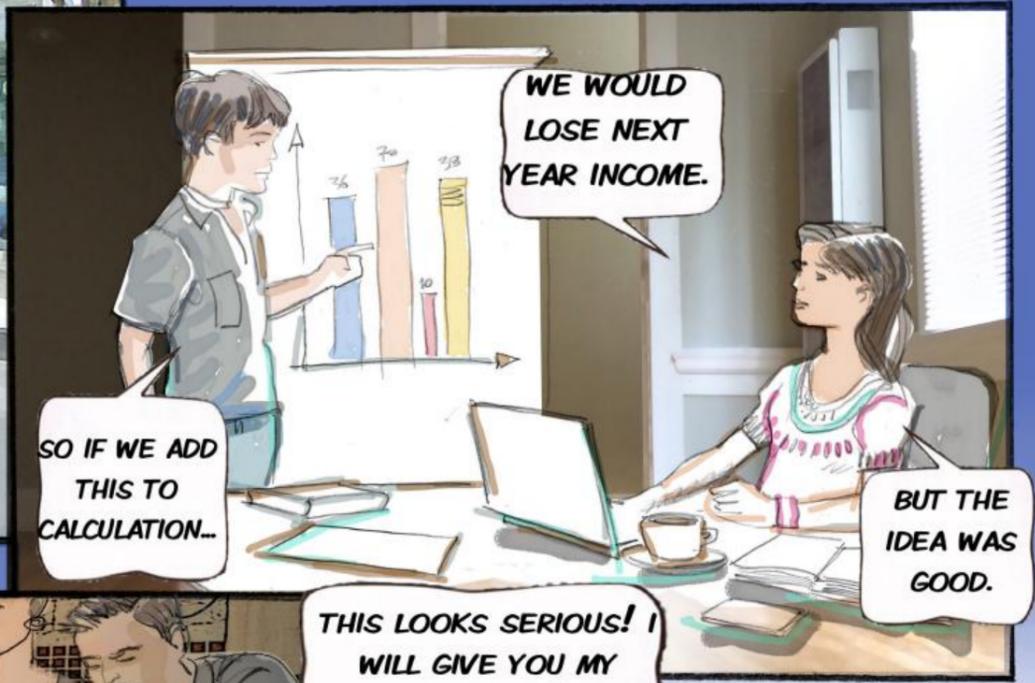
JOEY
DECIDED
TO GET
SERIOUS.



HE SPENT DAYS AND WEEKS
STUDYING AND LEARNING...
NIGHTS, TOO...



UH, THAT'S MY
BUS... WAIT!



WE WOULD
LOSE NEXT
YEAR INCOME.

SO IF WE ADD
THIS TO
CALCULATION...

BUT THE
IDEA WAS
GOOD.



THIS LOOKS SERIOUS! I
WILL GIVE YOU MY
SUPPORT!

THANKS
DAD!

ONE DAY HE
FINALLY PUT THE
MATH TOGETHER.



AND THEY WENT TO
MUNICIPALITY...

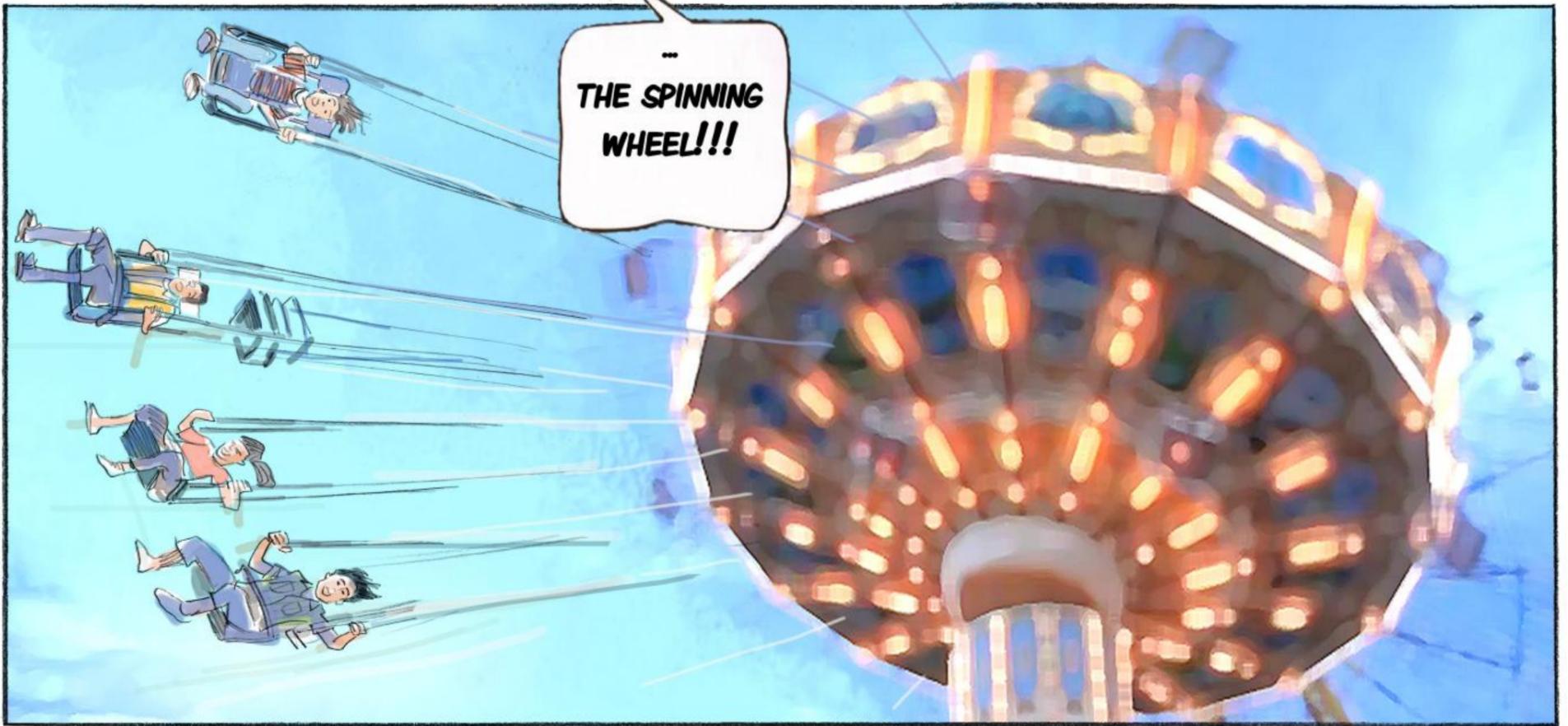
WE HAVE
ALL THE
PAPERS,
RIGHT?



AND AT LAST...

YESSSS! WE
HAVE THE
LICENCE! HOW
DO YOU FEEL?

I FEEL MY HEAD
IS SPINNING!
JUST LIKE...



...
**THE SPINNING
WHEEL!!!**



**AND HERE'S YOUR
ICE CREAM
SWEETIE! ENJOY!**

**THANK YOU! THIS
IS BEST ICE
CREAM IN TOWN!**



**HEY, I JUST REALIZED I
FORGOT TO INCALCULATE
LONGER LUNCH BREAK,
MAYBE WE DON'T NEED
ALL THIS MONEY!**

**I DON'T
WANNA HEAR
COMPLAINING,
MISTER!**

"You see, it's always better to prepare when you have the energy to do something, so you can do it the right way. Now, it's your turn, read the material in this handbook, and put some serious thoughts about your business ideas. You'll be proud of yourself for not having taken the easy road. And call this number: (992) 92 6439999, to let us know about your business idea.

Good reading!"



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How to become an entrepreneur?



In this section you will learn the following:

- General concept of entrepreneurship
- Advantages and disadvantages of being a young entrepreneur
- Create success with advantages
- Overcoming of disadvantages

Entrepreneurship is a way of thinking that can expand opportunities of common people to achieve outstanding results.

However, the first task of entrepreneurship

is to turn the idea into a real business, and establish the company and value. Entrepreneur is a person who creates company and value, and entrepreneurship – is a process of creation enterprise and values.

Let's see examples: Private entrepreneur is selling glasses – entrepreneur; a boy repair computers – entrepreneur; owner of 'Filling station net', newspapers publisher – steamers – entrepreneur; and even big-time politician in some way is entrepreneur.

By the size of enterprises entrepreneurs divide into small, medium and large (it depends on turnover, profit and number of engaged employers).

Entrepreneurs like construction foreman, who engages specialists (employees), if construction foreman hires woodworker, electrician, metal worker, plasterer, then entrepreneur engages accountants, lawyers and managers. Construction foreman and entrepreneur use the experience and time of other people.

Foreman and entrepreneur do not need to be excellent specialists in all fields of work, which they are supervising, they should organize the work of specialists very effectively and to be able to control the process.

There are entrepreneurs who self-employed, who doesn't hire employees and follows the slogan – «if you want to do best – do it by yourself». Of course, they are officially entrepreneurs, but they can't build a serious business alone. Therefore they business will be small size all their life, if their business will not grow. Mostly the

NEW WORDS

problem is they do not want or can't build a profit getting system. Or their level does not let them to do it.

For example, hairdresser, who provides service at home – is an entrepreneur, but he works himself. Good boy! The owner of hairdressing salons is entrepreneur too. And the market the same for both of them, but the entrepreneur, who providing service himself may be a good professional in his work, but entrepreneur who has hairdressing salons, has a good business system. Those who providing service at home may be in the beginning they didn't have an idea to open hairdressing salons, they works for themselves and they can't haircut more than certain

NEW WORD

★★★★★★★★★
 What do you keep in mind?

★★★★★★★★★

number of clients. What is the difference between hired employee and entrepreneur? Entrepreneur is a person who left stabile work in order to independently manage their risks (if tomorrow I will fail my business, and can't work, I can rely on my relatives and that's all) and independently gain profit. Hired employee does not manage anything and as mostly his profit is limited. Entrepreneur has no such limitations (in the meaning of profit and time), and he bears the risks from his business – win/loss, but in case of success the entrepreneur gain more profit than any hired well-paid employee.

Entrepreneur value is a freedom, hired employee value is the illusion of safety and he does not always understand that he can be replaced as small crew in 99 percent of cases.

- Entrepreneur is a person who charges his time and works in his interests.
- Entrepreneur carrying out business management.
- The level of entrepreneur depends on how much people he can engage in his team and what kind of problems he can recover.
- Self-employed entrepreneur will not achieve much while he will not start to use the source of other people.
- The small-sized business, which implemented by self-employment can't grow to the big business and such entrepreneur does not want to build business system (about how to build a business system we will see in the second section).

Your business idea



In this section you will learn the following:

- Successful business idea
- How to find an original business idea?
- Selection of business idea
- From idea to the business plan
- Successful business idea

It's not a secret, there are situations when some businesses "effortlessly" begin to develop quickly - we can remember a fast conquest of yogurt market. Yogurt selling companies grew in leaps and bounds. At that time, the business idea to supply yogurt from abroad to Tajikistan was potentially successful, it

was easy to make profit from such business.

At the present day, the same idea can be called a losing business, local yogurts are selling in every store; imported yogurts are hardly welcomed by customers, at least because of their high prices and market saturation.

Most new entrepreneurs do not think so much over the choice of business-ideas; they want to start a business, which will be similar to those businesses that are already exist in the particular trade/market. The business idea which was selected according to this principle commonly sounds like: "I will sell ice cream as my friend is doing."

Can such idea be successful? It can, but the existence of the examples in the particular trade shows that a sufficient number of people are already engaged in this business. If this business is so widespread, it has a high competition too. High competition reduces prices; therefore the profits of all these entrepreneurs are small. But they are already entrenched on this market and they have their regular suppliers and customers, the newbies will have to adjust their business from the very beginning.

Business-idea

The foundation of any business-plan is a business-idea. But idea is only a general idea of what you need to do.

It can be expressed in one sentence, for example: "I will sew fur hats at home!"

Business-idea is only the beginning of the path to the business-plan, but success of the business highly depends on the correct choice of business-idea.

How should a business-idea be, to be considered good?

It must be a potentially **SUCCESSFUL** and **SUITABLE** for the businessman

How to find an original idea?

Original ideas come to everyone’s mind, but we reject them as a silly or unrealistic idea. Now on TV they offer a variety of products, and most of them are based on a simple but original idea. For example, some time ago the mops were actively promoted; these could squeeze a "rag" without wetting the hands. Simple, nothing complicated. Why didn't this come to anyone’s mind earlier? Perhaps no one wanted to wet hands, many thought that it would be necessary to invent such mops, but only one took to implement this idea.

A suitable business-idea

Even the most successful business idea may be not suitable for you. For example, nowadays commission trade is experiencing a rebirth and the idea to open a pawnshop is very promising. But if you have never had experience in the trade and not guided with the prices, then you should not do it.



A suitable business idea is an idea, which is based on the potential (possibility of success) of a businessman, his knowledge and experience.

How to know whether you fit in one or another business idea? It is simple: you can answer to the question, why will you be successful in this business more than others?

The first you should assess is your professional skills. Do you have education and experience in the area you are going to do business? If yes, this is a big plus.

Selection of business ideas

Think about business ideas and in the first column write down all the business ideas that will come to your mind. Then in the next columns fill the external and personal factors.

Business idea	<u>External factors</u>		<u>Personal factors</u>	
	Why this business will be successful?	Are there any factors that can cause this business to not be successful?	Why I should do this business?	Why I should not do this business?
Making of wooden furniture	1. Handcrafted items are more and more valued. 2. People are concerned about environmental cleanliness.	1. Handmade furniture is more expensive. 2. The quality and inexpensive wooden furniture are imported from Belarus.	1. I am professional in the making of furniture. 2. I have equipped workshop.	1. I'm not good in fashion for furniture. 2. I have an allergy to furniture varnishes.

From idea to the business plan

While one sentence formulated as a business idea can be brilliant, but a good business-idea does not guarantee success, without a proper business-plan. Business Art consists not only in finding a business idea, but in its proper implementation. To organize a successful business is not easier than to build a good house. Would you build a house without a detailed plan?

The creation of plan requires thoroughness and recording of all the details. If you already understand what makes the planned business successful, and what hinders it, the first step has been taken. If you can answer, why it suits you? This is another step. Now it's time to think about the next question:

"How I will make my first business plan?"

A business plan is a comprehensive description of the business and the environment in which business operates, as well as the management system in order to achieve its goals. With the business plan we can determine in which level practical economic activity corresponds to the business goals. No matter in which business you are supposed to be engaged (production, trade or service), it requires a business plan. Without a business plan it is impossible to get necessary credit in the bank, because it is a requirement of all banks and financial institutions. Based on the business plan, banks estimate the probability of success and make decisions on the loan. The market situation is always changing, so the business plan has to be very flexible in order to make quick changes according changed situation.



Why should you write a business plan?



In this section you will learn why you need the business plan and business outlines.

A Business Plan helps you to evaluate the possibility of a new business idea in an objective, critical, and unemotional way.

- Marketing – Is there a market? How much can you sell?
- Organization and management – Does the management team have a skill?
- Financial – Is the business profitable?

Business plan provides an operation plan to assist you in running of business and improves

your probability to success.

- To identify opportunities and avoid the mistakes
- To develop production, administrative, and marketing plans
- Create budgets and projections to show financial outcomes

The business plan is a **communication tool, which can express your idea** to others, and serves as a “selling tool”. It provides the basis for your financing proposal, specifies the amount and type of financial needs.

- Forecast profitability and investor return on investment
- Forecast cash flow, show liquidity and ability to repay debt

Who will use the plan?

If you won't use the plan to raise money, your plan will be internal and may be less formal. If you are presenting your plan to outsiders as a financing proposal, then the quality of presentation and financial analysis are very important.

Business Plan Outline

Cover Sheet: Business Name, Address, Phone Number, Principals

Table of Contents

Resume - Summary or Statement of Purpose

Marketing plan

Organization and management plan

Financial plan

Content of the business plan



In this section you will learn the main topics of business plan and for each topic you will find the list of questions, which helps you to develop the business plan:

- Marketing plan
- Organization and management plan
- Financial plan
- Resume

A well-structured, attractive written business plan is an essential document, to provide a benchmark against which to compare actual company performance, and to refine strategies and develop ideas on how the business should be conducted. From a practical standpoint, a business plan serves as a roadmap for how you plan to grow the business and take it to the next level.

1. MARKETING PLAN

1.1. Description of the product

- What type of product?
- What are the special characteristics and uniqueness of the product?
- What is the quality of the product?
- What is the amount of the product (output)?
- What is the assortment of the product?
- What kind of service is offered with the product?
- What type of package? Why?
- What should be the shelf life of the product?
- What are the features that are ensuring quality of the product?

New words

1.2. Comparison of our products with the products of competitors

- What are the quality and price of products and services of competitors compared to your products?
- What is their reputation?
- Do buyers loyal to them?
- What is the size of their business (quantitative assessment)?
- What kind of guarantees they are offering?
- How they distribute their products?

- How effective the way of their distribution?
- Do they have the reliable financial resources?
- Do they carry out business management well?

1.3. Location

- Where your business (address) going to be located?
- What are the benefits of the location?
- How is the location in relation to the main roads, water supply, electricity and telecommunications?
- What is the impact of your business on the environment?
- How is the political situation in the region of your business?
- How is the tax system?

1.4. Market area

- Which geographical regions will cover your business?
- What are the product distribution channels, and through how many retail selling points the products are going to be carried out?
- What are the means of the product transportation?
- Do you use your own or other means of transportation?
- How will the goods be transported?
- What kind of opportunities do you use to store the products?
- Do you use any kind of product storekeeping to save them in good condition?
- How is the information spreading about this product?

New words

1.5. The main consumers

- In which markets are you going to sell your products?
- Who will buy your products?
- What factors are making them to decide to buy your products?
- What is their level of income, or to which groups they are belong?
- What shops they are visiting to buy products?
- Are they doing the comparison shopping?
- What kind of promotion will encourage them to buy your products?

1.6. The volume of demand

- Is it possible to estimate the volume of products which are selling at the present time?
- What is the demand for your product?
- How often customers buy your product?
- How do they react to the quality and the price of your products?
- What kind of special qualities of products they would like?

- How much do they want to pay for your products and services?
- How much customers are satisfied with your products?

1.7. Market share

- What is the market share or percentage of your business?
- What kind of activities will be done in order to expand the market share?

1.8. Selling price

- What will be the selling price of the product?
- What is the policy of price differentiation?
- Will you offer the special price for a mediator?
- Will you offer any discounts?

1.9. Forecast of sales

- What will be the volume of selling products?

1.10. Promotions

- What kind of tools will be used for advertisement of goods?
- What kind of advertisement will be used?
- How do you determine advertising budget?
- How do you choice the media (newspaper, radio - local, federal, television, etc.)?
- What kind of text and design you will use for advertising?
- What is a schedule of advertising campaign?

1.11. Marketing expenses.

- How much money you will need to advertise and to distribute your products?

New words

2. ORGANIZATION AND MANAGEMENT PLAN

2.1. The business form

- How will be organized the business?

2.2. Organization structure

- How will be the management of the business?
- How will be the description of organizational management structure of the enterprise?

2.3. Experience of business and skills of entrepreneurs

- What is an entrepreneur experience in the business? What is his qualification?

2.4. Work in the preoperative period

- What preoperative activities necessary to do?

2.5. Preoperative expenses

- What preoperative expenses will be in your business?

- 2.6. Office supplies
 - What fixed assets will be required for office equipment?
- 2.7. Administrative expenses
 - What will be the administrative expenses?

3. FINANCIAL PLAN

- 3.1. Project cost
 - How much capital is required for the project?
- 3.2. Financial plan and the need to receive a loan
 - Do you need to receive a loan? What will be the contribution of the entrepreneur? What is the loan amount?
- 3.3. Credit collateral
 - What kind of collateral can be provided?
- 3.4. Profit and loss
 - What does the statement of profit and loss?
- 3.5. Cash flow statement
 - What does the statement of cash flow?
- 3.6. Financial analysis
 - Is the project achievable?

4. RESUME

- 4.1. Brief description of the project
- 4.2. Brief characteristics of the entrepreneur
- 4.3. The contribution of the project into the economy of region

You were born to win, but to be a winner, you must plan to win, prepare to win, and expect to win.

Zig Ziglar

Marketing plan

In this section you learn the contents of a marketing plan:

- The concept of marketing and its place in the business plan
- Market research
- Main components of marketing (Product, Price, Place and Promotion)
- The size of demand



The concept of marketing and its place in the business plan

For the economists, everything that happens between the production and consumption falls under the marketing category.

Philip Kotler (Professor of Marketing in USA Northwestern University) gave such definition about **marketing**.

“Marketing is a human activity aimed to satisfy the needs and demands through exchange.”

Marketing includes the purchase and sale, transportation and warehousing, planning of the product range, market research, sales promotion, customer service, finance, insurance and etc.

The marketing plan is often the main obstacle for entrepreneurs, who developing the business plans. We can confirm, that marketing is probably the most important and difficult part of the opening and doing business. No matter how good the product or service, but If you do not properly promote them, no one will buy them.

The entrepreneur must show that he is well aware of the market and demands for his products. Therefore, it is necessary to implement:

1) An analysis of the industry sector. The structure of the sector has a big impact on the success of the business;

2) Analysis of the consumer needs. Businesses must meet the expectations of customers, such as retailers or wholesalers who own stores or processors of the product;

3) Analysis of competitors. Market economy - it is a competition. In order to survive and be successful in the business, you need to know who your competitors are and how they do business, the key factors of their success;

4) Analysis of the strengths, weaknesses, opportunities and threats of the business, with all the aspects described above. This analysis helps to identify the comparative advantages of the business.

Market research

In market research very important to collect as much information as possible. Take the time to get more information from other sources. There are various ways to get more information about customers and competitors.

Imagine you will be an entrepreneur and you will have to find market data. What are the typical type of data that entrepreneur needs to do market research you can find in the table below.

1	2	3	4
My product/service	My customers	The needs and requirements of my customers	Competitors

- In column 1, the entrepreneur should describe each product or service that he intends to sell. For those who are engaged in wholesale or retail trade can describe each group of similar products.
- In column 2 you should characterize a potential customer (who is willing to pay) for each product or each service.
- In Column 3 you should list the products or services that meet client needs. Also, you can show the list of special consumer preferences to this product or service; when they want to buy, how they want to buy, they are willing to pay, etc.

- In Column 4 you can describe the important information that the entrepreneur learned about their competitors.

Four main components of marketing (4P)

When you are writing marketing section of business plan is important to know 4 main components:

- ❖ *Product*. The products or services that an entrepreneur intends to sell to the consumer;
- ❖ *Price*. An entrepreneur set the price for his products;
- ❖ *Place*. How and where the entrepreneur can get access to the consumer;
- ❖ *Promotion* is the way by which an entrepreneur will be able to inform customers about his products/services and how to attract them to buy.

The notes

PRODUCT

First, it's important to describe what kind of the product you are producing, the type, size, color, shape and variety of the product.

The next you need to describe the characteristics of the product, its benefits and how to use it.

You should also specify whether it is a new or existing similar product; the quality of the product and the production volume; product range; which service will be offered together with product; the type of packaging; the shelf life and quality assurance of the product.

In the business-plan is necessary to describe the quality and price of the product which makes your product unique in the market. Is the quality of your product better or price much lower than the products which exist in the market? Are there any other characteristics distinguish your products from competitors' products.

You should also pay attention to the reputation of competitors; Does the consumers are loyal to them? What is the size of their business (quantification)? What the type of

guarantees they can offer? How they are distributing their products and how effective is it?

Conquest of the market is highly dependent on the ability of entrepreneur to sell a product, the effectiveness of marketing strategies. There is a dependence on the level and strength of competition.

The proper market survey can provide information about competitors and allow answering the following questions:

1. Do you have many competitors?
2. What is the volume of sales of the competitors?
3. Are their products has similar or different characteristics?
4. What are the similarities and differences between you and your competitors?

When you are comparing your products with competitors' products, don't forget about the price factor.

PRICE

The notes

There are *three ways to determine the selling price of products*:

1. “Comparison” method.
2. “Cost and plus” method.
3. “Can the market afford this price” method.

The first method is based on a comparison of your products with the similar products in the market. Comparing the quality and other characteristics you can set the price lower, higher or the same as competitor’s product price.

The second method is to add a reasonable profit (for example 20%) to the total cost which includes the marketing, production, administrative and financing costs. In order to calculate the total cost per unit you should divide the total cost by the number of output products.

The third method is based on the supply and demand of products on the market. For example, there is lack of certain product, so the entrepreneur can set a higher price and increase his profitability.

Similarly, if the product in the market in excesses, you can reduce the price and in the same time the level of profitability. There are two alternatives to prevent the fall of the level of profitability:

1. Determine where you can cut costs (in marketing, production, administration and finance) to reduce production costs.
2. Determine the other market segments that can afford to buy the products at the initial price.

In fact, from time to time, all of these three methods should be used, but generally, it is safer to use the method of "cost-plus", especially when you are starting a new business. A good business strategy can determine the reaction of competitors to the price strategy of the entrepreneur.

Imagine you will be an entrepreneur and you will calculate the price of your services and products. You should fill in the below table, it help you to calculate the price.

PRICE
for producers and service providers

	<u>PRODUCT</u> <u>or</u> <u>SERVICE</u>
Net cost	
How much consumers are willing to pay	
Competitor's price	
My price (with VAT)	
The reasons for setting up this price	
Discounts will be provided to the following consumers or consumer groups	
The credit will be offered to following categories of customers	
The reason for granting credit	

PRICE

For traders

	PRODUCT
My price	
How much consumers are willing to pay	
Pricing policy of competitors	
My pricing policy	
The reason for choosing of this pricing policy	
Discounts will be provided to the following consumers or consumer groups	
The reason for the offering discounts	
The credit will be offered to the following categories of consumers or consumer groups	
Reason for the issuance of credit	

PLACE

The next point of the **marketing plan** is the description of the location, where the business takes place. Here you should specify the address where the business is located; and why did you choose this place? What are its advantages of this location?

Business location is important to reduce the costs and to make close your products to consumers. If the business is oriented to the production, it is probably best to place it near sources of raw materials or means of infrastructure, transport centers and technical communication means.

When you are describing the location of the business is necessary to show relation to the main roads, water supply, energy, telecommunications, business impact on the environment, the political situation in the region(where the business in) and the tax system.

Suitable location of the business is one of the most crucial factors for the development of the market, so you should carefully analyze when you are choosing it. It is necessary to distinguish between the place of market (selling place) and location of the enterprise. Often for the small businesses the market and the location of the enterprise are in the same place.

When you are developing the business-plan you should define the market area, it is necessary to describe a geographic region will cover the business; the product distribution channels and the number of retail outlets; transportation of products, own or other means of transportation, etc.

Determination of the geographical coverage (marketing place) depends on type of products, transportation and distribution, the size of market and competition in the different regions, the willingness of entrepreneurs to travel and to explore and existing contacts and distribution channels. Normally much easier to operate on a limited area of the market, since it is possible to minimize the time for transport and distribution costs.

The size of demand

One of the important points is **the size of demand**, which includes: demand for products; quantity of products; the frequency buying of products, etc. You should also pay attention to the following questions:

- How customers react to the quality and price of products?
- What kind of special quality of the products they wish?
- How many buyers are willing to pay for the products?
- How much customers are satisfied with the products?

These estimates can be obtained by several methods. These estimates can be obtained by several methods. The basic approach should be made by induction that means from the general to specific.

For example, estimate the volume of sales per unit of population, where the business is located; then filter those segments of the population (by age, income, place of residence, gender, habits, etc.) that cannot be potential consumers.

With this way your final estimation will be more real and correct. It will be good to use statistic data for that. If there are no reliable statistical data (secondary data), it is better to use a simple and low-cost survey, for example, to collect primary data.

If you know how many stores sell products similar to your product and you will be able to find information on the number products sold in some of these stores, it will be possible to estimate the total volume of sales. For this it is necessary to prepare questionnaires; to establish the contact with interviewers, who openly answered the questions without feeling of doubt or any threat. You should diplomatically, politely

and clearly formulate questions in order to get necessary information and accurate answers.

If the questions are adequate answered, the entrepreneur can get a preliminary assessment about volume of demand in the market area.

With this assessment you will be able to conquer the market with using of effective marketing strategy.

If your products basically distributed through wholesalers and retail then conducting of such survey will be the first step of establishing a relationship with your customers and assess your market opportunities. It is important to discuss with the buyers and consumers about condition of the market, even if the interviewed persons are wholesalers and retailers.

New words

Their feedback is extremely useful both to check previously collected data, and to stimulate new ideas that not effected by previous surveyed groups.

PROMOTION

Promotion is to inform about products or services and attract consumers to buy them. You can use advertising and promote the sale of products. Advertising provides information to potential customers, so that they are interested in buying products or services. Advertising is the most difficult aspect of marketing. Advertising is the paid information, enabling the promotion of products in the market. There are many types of advertising:

- Oral
- Visual
- Writing
- Audio-visual (TV, radio)
- Sensory.

In the process of developing advertising the first step is to set advertising objectives. Any kind of advertising has a certain task.

Informative advertising is dominated mainly at the stage of product appearance in the market, when the task is creating a primary demand.

Persuasive advertising is of particular importance in the growth stage, when the company gets the task to form electoral demand.

Resembling advertising is extremely important at the stage of maturity in order to make consumers remember the product.

Attributes of advertising can be:

- Color
- Musical arrangement
- The word phrase
- Tone
- Smell
- Design
- Shape, bright billboards
- Special price
- Competition.

For advertising their products the companies use various elements:

- Company logo
- Slogan (combination of words, the motto of the company)
- Logo (font, color).

Frequency of advertising can be:

- Disposable
- Reusable
- Reusable periodic
- Situational (company anniversary).

Advertising means can be:

- Posters and signs
- Message Boards
- Free samples
- Free testing
- Gift product when buying of any another product
- Lottery
- Discounts
- Sale with delivery
- Mailing leaflets
- Advertising on the phone
- Price discounts for buying a product in a large quantity

- Sales
- Advertising on radio, in newspapers, magazines, television
- Sponsorship of local shows, festivals
- Participation in trade fairs and exhibitions.

You should be careful with using of advertising means. Advertising costs money for business, so make sure that advertising increases the level of sales. If there is no sales growth, then the product cost will increase.

Developing of marketing strategy means proper planning, balancing the integration of production, price, the distribution and advertising strategies. For effective marketing it is necessary to define what market is, to know your own product and to study competitors.

An entrepreneur also needs to spend a certain amount of money on advertising, properly to set the product price and effectively distribute the products among retailers and consumers. You should not be assumed that the consumer will automatically buy your products just because it is good quality.

You need to prepare marketing budget, which defines your marketing costs, such as advertising, distribution of products and the salary of sellers.

Organization and management plan



In this section you will learn the importance of the following topics:

- Organization structure
- Personnel responsibilities
- Legal form of business

Organization structure

When doing business, for constant and effective work, it should be existed definite administrative and official structure, i.e. the degree of subordination, as well segregation of duties and identifying the role of each duty in business (job description). Therefore, the business needs organizational structure, which mainly transferred by the support of organizational chart.

Personnel responsibilities

When designing the organizational structure, it is important to implement various functions of enterprise (marketing, production, organization, management and finance). In the small business, mostly one person implements several functions. For example, an entrepreneur can be both general manager and head of production.

In small business, the members of one family hold position and even implement production work.

For enterprise development, people doing business should have appropriate qualification and experience. Business growth strongly depends on the competency and abilities of management.

The level of managers may be divided to the following categories:

- A – high level of competence,
- B – average potential,
- C - incompetent, and in view of this.

Notes

If the manager of category A will manage the category B, then the business mostly will have success. However, if the manager of category B will manage the category A, then business will fail.

Manager competence plays crucial role in loan obtaining. If entrepreneur is planning to receive the loan in bank and commercial credit from suppliers (for purchase of raw materials or equipment) then he should be able to persuade investors in his competency, honesty and therewith to make believe in his abilities.

Therefore, it is very important that entrepreneur will offer its biographical data and the data of key personnel of enterprise connected with implementation of business operations. It will be good if entrepreneur will attach recommendations of banks, previous employers or famous and respectful people as well, who will pledge for his honesty and integrity.

It is necessary for entrepreneur to identify all expenditures connected with preoperative activity.

Preoperative expenditures – expenditures for planning and preparation of enterprise functioning. As follows: education of workers, market assessment, project life demonstration, trip out to the suppliers of raw materials, conducting negotiations with potential partners (clients, contact person etc.).

Notes

During calculating preoperative expenditures, you should not forget about expenditures connected with personnel education. Entrepreneur may hire workers whose education is not required, but in many cases, education is necessary in one form or another.

It will be reasonable as well, to hire at least one good technician acknowledged with process and may educate subordinate workers on site. However, it will be required exact time. It might be necessary to pay workers fellowship during their education for the whole period until they will be able to work at full capacity on piecework basis. These preoperative expenditures should be included in total project costs (full demand in project capital).

The legal form of business

There are three types of business establishment:

- Private Entrepreneur
- Limited Liability Company
- Closed Joint Stock Company, Open Joint Stock Company...

Mostly, firms engaging in the small business registering as private entrepreneur, which means owner – manager or entrepreneur – not only the owner but the chief manager of enterprise.

Private Limited Liability Company supposes that for incurred liabilities company is liable with all its property, and liability of members limited with their shares in authorized capital. Member of company, which has made its share in authorized capital, does not liable over of its liability.

After registration the company becomes legal entity. For incurred liabilities before documenting, if company will not take these liabilities before registration, founders of company are liable personally, unlimitedly and jointly.

Representative of director, selected members of company are managing the Limited Liability Company. Members have conciliation right for making definite deals. Directors bear responsibility for their actions before the company, in specific cases before creditors.

Individuals are all the people and legal entities are the structures, which based on certain legal regulation, allowed to act along with the entity.

Notes

Successful entrepreneurs do not spend received earnings for personal needs; they contribute it to own business

Financial plan



In this section you will learn the importance of the following topics:

- Record keeping
- Balance sheet
- Profit and loss statement
- Cash-flow

RECORD KEEPING

Irrespective of scope of activity, each entrepreneur should control its flow, income and expenses. Record keeping has many advantages:

- Entrepreneur will know about receipts and expenses of his business
- It would be better to control cash (plan and budget)
- Entrepreneur will see what he sold (sale)
- Will be able to regularly control expenses
- Entrepreneur will be able to better manage loss and profit (increase profit, reduce loss)
- Entrepreneur will be able to make comparative analysis and cross checking (expenses and sell, estimated turnover against actual turnover, compare with competitors, with set goals).
- Control of debtors
- Control of loss and theft

If entrepreneur will make record keeping a long time then he will know and take into account other, incidental costs, analyze the structure of expenses, foresee expenses, manage costs and know why they are changing:

- Spoilage
- Deterioration
- Abuse and theft at enterprise
- Price difference when purchase of raw materials wholesale (with discount) and retail
- Increase of prices for raw materials (inflation)
- Decrease of prices (sales value) when high competition
- Changes in demand and offer (seasonal, territorial, fashion trends...)
- Changes in productivity (more with less costs)
- Gaps in planning

BALANCE SHEET

In order to identify the financial standing and available enterprise resources at a certain point, we should make up a balance sheet. Balance sheet shows the standing of company for exact day, not for a period, i.e. the photo of one day of enterprise.

Balance sheet is making up by requirements of regulatory documents of each country and in terms established by Law.

For accountant balance sheet is the tool of reporting and source of information. Manager looks at balance sheet wider.

He may use balance sheet as tool, for example, it is possible to make up balance sheet for any day for engaging investors. Besides, balance sheet is the source of information for financial analysis.

Assets side of balance sheet

Assets side of balance sheet provides information about use of capital assets. All enterprise assets reflected in this side. All assets divide into current and capital. Material goods, which should be remained in the enterprise long time reflected in **current assets**.

Notes

Current assets reflect those assets, which soon should move beyond the enterprise in initial or developed form.

Within both groups of property, division provides by liquidity of goods, i.e. by complexity of turning them into cash

BALANCE REPORT

Articles	amount	Articles	amount
Current assets:		Liabilities:	
Cash		<i>Liabilities</i>	
Savings		<i>Staff salary</i>	
Receivables		<i>Suppliers</i>	
Raw and materials		<i>Short-term loans</i>	
Goods in transit		<i>Long-term loans</i>	
Inventory/Assets of low unit cost		<i>Debt to partner/brother</i>	
Total current assets:		Total liabilities	
Capital assets:		Capital assets:	
Equipment			
Furniture			
Vehicle			
Immovable property			
Total capital assets:			
TOTAL ASSETS:		TOTAL LIABILITIES:	

Financial investments

If company is carrying out long-term financial contributions/investments in other companies then it will not be achieved production results, but it will achieve the results of long-term investments.

Fixed assets include tangible assets, which should be kept in enterprise for a long time. They invested for a long-term period.

Current assets

Current assets include: (see balance structure)

Cash and savings

Money and checkbooks.

Current assets include material values, which would be put out soon from enterprise in initial form.

Receivables

Sold goods and services which is not paid by buyers.

Raw and materials

All materials, i.e. raw materials and auxiliary and production materials, those products as well, i.e. finished products and semi-finished products.

Liabilities side of balance sheet

In liabilities' side of balance sheet reflected all liabilities of company in relation to owners and creditors. These liabilities divided into owner's equity and liabilities. Liability side informs about origin of funds for purchase of material values of assets. For this purpose assets side reflects using of funds, and liability side origin of funds.

Notes

Loan capital

Loan capital – all funds issued by third persons for definite period. They represent debts of company. They include receivables as well. As receivables are the main position, so they should be reviewed primarily.

Payables.

Payables are called liabilities of company, where capacity and payment terms are strictly identified. They include liabilities for payments into the budget, liabilities before product suppliers, liability of company before personnel.

Owner's equity

Owner's equity – all funds invested by owner for unlimited time.

Owner's equity includes investments and profit. Investments are the funds involved by owner from outside. This is about the form of external financing. Attracted funds from outside is called borrowed capital.

If profit received for reporting period, it means that standing is increased at the end of the year, owner's equity is also increased for this positive annual balance. If the standing decreased for annual deficiency then the owner's equity will decrease for the same amount. If received profit that does not deduct to owner and remains in enterprise, thereby it will be established allocations to reserve fund. Formation of savings at the expense of income will form internal financing.

Owner's equity – all funds invested by owner for unlimited time.

PROFIT AND LOSS STATEMENT

A profit and loss statement (P&L) is a financial statement that summarizes the revenues, costs and expenses incurred during a specific period of time, usually a fiscal quarter or year. These records provide information about a company's ability – or lack thereof – to generate profit by increasing revenue, reducing costs, or both. The P&L statement is also referred to as "statement of profit and loss", "income statement," "statement of operations," "statement of financial results," and "income and expense statement."

In view of this, the following financial report is completed which shows profit and expenses of entrepreneur for certain point – profit and loss statement. As well, profit and loss statement is requirement of law. Basic principle of profit and loss statement is $\text{Income} - \text{Expenses} = \text{Profit (Loss)}$.

Income is earnings from sale of goods and services for reporting period. If entrepreneur has another profit (sale of packaging waste, expired goods...) which includes to profit as well.

This report is completed on monthly base. After calculation of profit for reporting period entrepreneur needs to calculate its expenses. When calculating of expenses, irrespective of character and type of expenses, it should be taken into account all expenses: direct, indirect, constant, changeable.

Expenses

Here is the example of expenses:

1. Materials – expenses for purchase of raw materials for production/services, if entrepreneur engages in trade, then it is the prime cost of sold goods.
2. Utility services – paid on monthly base, entrepreneur should previously know this amount. These costs for electricity, water, garbage...
3. Salary – the full amount of wages reflected in this article, irrespective of direct or indirect labor. This article includes all costs on salary, from director to technical staff, production and administrative labor.
4. Payroll tax – if entrepreneur carries out his activity as legal entity then he should charge 25% social tax from salary to Social protection fund.
5. Administrative expenses – all current costs which implementing for carrying on activity, for example: detergents, hygiene products, low value assets – bucket, swab etc., ...

6. Loan interest – this article includes only interests, principal amount of loan does not take into account.
7. Depreciation – accrues on selected method (common simple method) for fixed assets cost more than 800 somoni.
8. Repair of equipment – current repair of equipment of production and non-production purposes.
9. Transport expenses – all transport expenses for purchase of raw materials, materials, delivery to warehouse for storage, delivery on sell points and other transport expenses of personnel, which covered at the expense of company.
10. Advertisement – all costs for promotion of goods/services. Advertise promos, banners, announcement/advertisement on radio, newspapers, promo actions...
11. VAT into budget – if gross profit of entrepreneur for past year exceeds barrier of 500 thousands somoni, then he should move to taxation on general tax regulation and submit an application for registration to tax agency on place of his registration for the purpose of value added tax simultaneously with submitting of application on transition to general tax regulation.
12. Taxes on vehicles – Taxpayers are persons who own and use vehicle having taxable item.
13. Taxes on immovable property – land tax, real property tax.
Other costs – incidental costs, informal costs.
List of costs may be changed regardless to the type of activity, it might be included or excluded appropriate activity costs.

Profit

Difference between income and expenses is a **profit** before taxation. If entrepreneur functioning as private entrepreneur on the base of patent or certificate then the amount of tax is included to the cost of patent or certificate. If entrepreneur acting as legal entity then after deduction of expenses, entrepreneur needs to pay relevant taxes.

Only after payment of all taxes, profit considers net. Below the general structure of Profit and Loss Statement is showed:

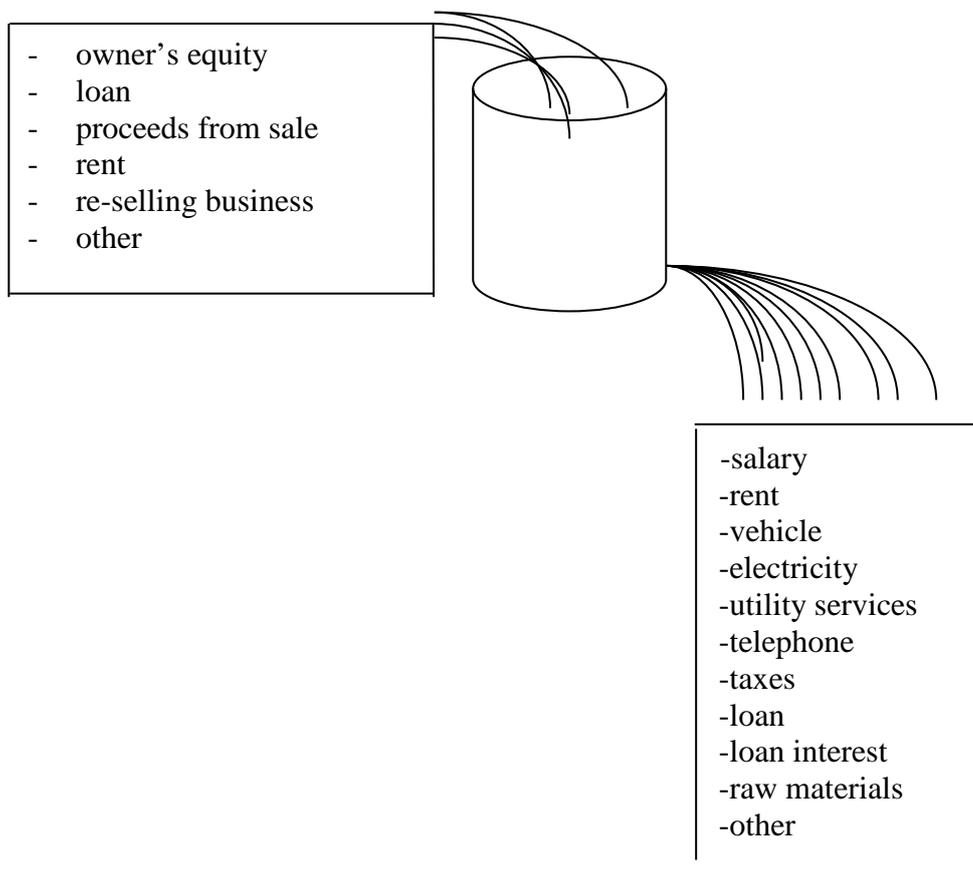
Articles				
Profit	1	2	...	12
- sales				
TOTAL PROFIT				
Expenses:				
1.Materials				
2.Utility services				
3.Salary				
4.Payroll tax				
5.Administrative cost				
6.Loan interest				
7.Depreciation				
8.Repair of equipment				
9.Transport expenses				
10.Advertisement				
11.VAT into budget				
12.Tax on vehicle				
13.Tax on property				
Other expenses				
TOTAL EXPENSE				
Profit before taxation				
Taxes				
Net profit				
Accumulated net profit				

CASH - FLOW

CASH – cash money. In western concept, cash is money in my pocket, as well in current account, which you can freely use.

FLOW – is «flow» or «movement». It means that enterprise money is in constant motion.

At present, in countries where market economics is developed, money on current account is not cash, because we can not use them freely. Therefore, we suppose translation of «CASH-FLOW» not as flow of funds, but as “Cash flow”. “Cash flow” means inflow and outflow, i.e. movement of funds. And cash assets are money in current account and cash. Image of barrel vividly shows inflow and outflow of cash assets. It provides us information about the difference between inflow and outflow.



A company should be able to pay all its liabilities. If company will be not able to pay its liabilities, it is considered bankrupt. One of the overriding priorities in company activity is to ensure the financial solvency.

Besides, it is necessary to exceed minimum level of required cash at a reasonable value, i.e. it should be not very small and not very large. These extremes may cause the formation of cash deficiency or extra-large money accumulation. It should not be allowed to make cash funds remain useless.

One of the main factors influencing the reserve supply capacity (minimum level of cash funds) – is state policy (taxes, legislation, production capacity, field of production, market situation, position in market, at what stage of life circle our product is in).

Usually “Cash Flow” report is completed on monthly base for year. Dependence on the goal of planning it may be completed for half-year, two years ...

Short-term planning “Cash flow” is for one month and for 2 weeks exactly by days.

Value of report is accurately identifying the date of inflow and outflow in order to expertly adhere these two objectives (level of cash funds in barrel is not very large and unacceptably low).

As well, it is very important for each entrepreneur to be able to do SWOT analyze of its business.

SWOT analyses



In this section you will learn how to make a SWOT analyses of your business and identify their strengths and weaknesses and use them to achieve success

A **SWOT** analysis is a tool that identifies the strengths, weaknesses, opportunities and threats of a business. Specifically, SWOT is a basic, straightforward model that assesses what a business can and cannot do as well as its potential opportunities and threats.

The method of SWOT analysis is to take the information from an environmental analysis and separate it into internal (strengths and weaknesses) and external issues (opportunities and threats). Once this is completed, SWOT analysis determines what may assist the firm in accomplishing its objectives, and what obstacles must be overcome or minimized to achieve desired results.

STRUCTURE OF SWOT			
POSITIVE ASPECTS		NEGATIVE ASPECTS	
in present			
STRENGTHS		WEAKNESSES	
Controlled by entrepreneur	money savings; personnel; equipment; land; qualification;	lack of experience; lack of cash; energy shortage; drinking water shortage; expensive raw and materials;	Controlled by entrepreneur
Internal factors	(enhance)	(eliminate)	Internal factors
External factors	acquisition of new qualification; gaining new knowledge and skills; new laws that make life easier; (reduction of tax burden, debt relief etc.); credit in banks;	earthquake; electricity shortage; flood;	External factors
Outside of control of entrepreneur	(take advantage of)	(overcome)	Outside of control of entrepreneur
OPPORTUNITIES		THREATS	
in future			
POSITIVE ASPECTS		NEGATIVE ASPECTS	

After the preparation of SWOT is necessary to analyze the results and determine the business development strategy.

Start with External Factors First

Always you should begin by assessing the external factors of your business before working on the internal factors. Opportunities include your ability to grow in the market and provide better value to clients, whereas, threats are the factors which are putting your business at risk. By identifying potential threats before they escalate, you will be able to prepare yourselves with a stronger plan to counter them.

Make Each Strength & Weakness an Opportunity

Identify the strengths and weaknesses of your business by sitting and having a discussion with your staff. Go through each strength and weakness individually and evaluate whether or not they can be turned into new business opportunities.

Timeframes & Opportunities

Discuss the timeframe for each business opportunity you list. As opportunities are an external factor, your business can take advantage of them to grow. So, by assigning timeframes, you will know the time required to gain maximum benefits from these opportunities.

Threats Are Outside Your Control

Threats are factors which exist outside your business and mostly are outside your control. However, since they put your business and its plans at risk, view it as challenges you have to overcome.

Resume



In this section you will learn how to write a resume, which is a main topic of business plan. The resume should attract the investors by its content.

How to write resume?

Resume is the first section of the business plan, but basically it is good to prepare it after the next three sections of the business plan (marketing, organization and management, finance).

Resume should be short (no more than two pages), but contain the most important information about the business and the entrepreneur. Unfortunately, business-plan developers often underestimate **resume** section, although it is one of the most important sections of the plan, because it can cause the reader's interest (which could be a potential investor).

The resume is required such information:

- To describe the type of business. To provide a brief description of the business, about products, market, legal form, the operational and financial plan.
- To give a brief description of the entrepreneur. It means you can describe yourself as entrepreneur, basic information about yourself, your previous work experience, your experience in the business, your education; you can underline quality of your work and skills which needed for the project or can be related to it. You can describe how you will apply your knowledge and skills into your business, etc.
- To explain the project's contribution to the economy of the region where the project will take place. To describe the importance of socio-economic contribution of the project to the development of local and / or national economy. This contribution should be importance and priority for the government, banks and society. For example: creation of work places, the use of local labor and materials, promoting income growth, import substitution, to obtain export income and etc.
- To describe the area in which the business will take place.
- To describe whether a new business starts or continues the previously begun. If it's ongoing business, it should be noted how many years the business is being.

Methods of effective presentation



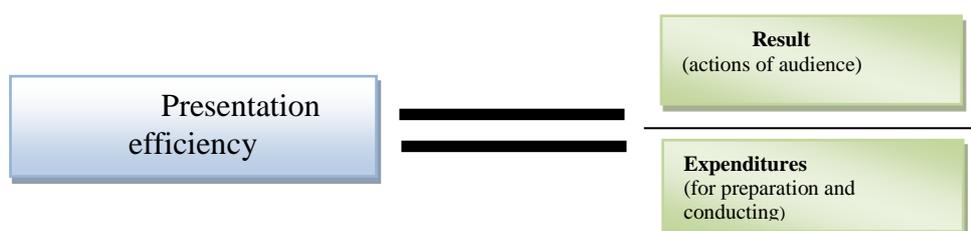
In this section you will learn the following topics:

- What the effective presentation is
- Content of presentation
- Structure of presentation
- Conclusion
- Accompaniment of presentation

What is the effective presentation?

When you received answers, tell them that this is a presentation which has specified and quietly perfect effect. During this presentation presenter has impact on audiences so that can change people’s behavior, relations, view of different issues which eventually leads business to any results.

So the result of training may be acquisition of useful skills and improvement of professionally important competence of personnel. To ensure that your project is approved, you have to defense your idea in the presentation, and it should be conducted effectively. Successful outcome of reporting presentations is to deliver key messages and necessary conclusions which will be made by audience upon completion of report.



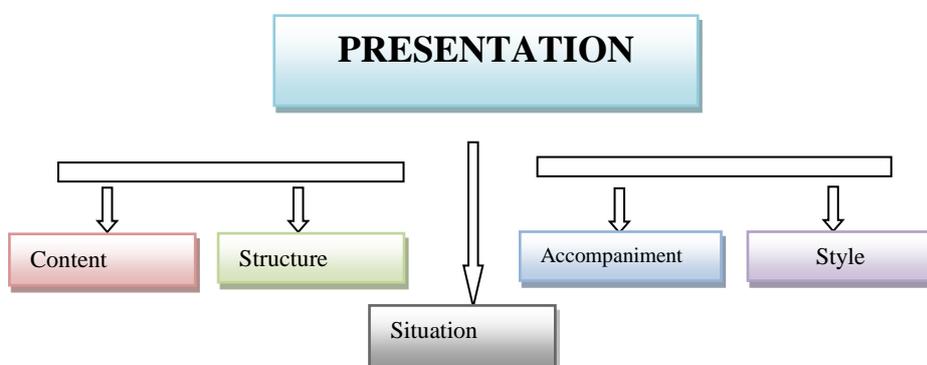
In accordance with the principles of efficiency we can identify presentation efficiency as ratio of presentation result (target goal is achieved or do not achieved) and expenditures for its preparation and presentation (time, labor, financial expenditures).

The purpose of presentation is not just to tell something, but assure audience in something, to assure to implement definite actions after presentation (for instance, to sign a contract or approve your project).

If immediately, in the end of your presentation audience applauded you loudly for a long time, and congratulated you with brilliant performance, but after presentation no actually actions was made by audience, it seems presentation was not successful.

The more serious issue discussed at presentation the more effort, time and financial resources you are willing to invest in preparation and conducting of presentation. But efficiency of presentation will decrease if expenses very high.

Useful model of preparation and conducting of presentation is **Five C Model**. It identifies five aspects of presentation that need to be focused during preparation and conducting your presentations:



Content of presentation

Content of presentation should discover key idea of your presentation. Formulate for yourself the purpose of presentation: “I tell you about something in order they do something”. The purpose of presentation is not just to tell about anything, but assure audience to encourage them to do specific actions.

You should clearly understand “what, whom and why” you will tell, in order to be convincing and successfully conduct presentation. Therefore during preparation for presentation you need to gather maximum full information about audience:

- Who are this people?
- What do they care about?
- What do they know about you and your company?
- How could you interest them?”
- Etc.

Credibility:

Based on collected data about your audience and clearly imagine yourself the purpose of presentation, you will be able to gather necessary arguments and consider which materials are better to use in order to inform the audience about key idea. Such materials might be:

- Specific details;
- Calculations;
- Links to experts;
- Documents and certificates;
- Feedback of clients or partners;
- Photos or videos;
- Examples;

Text of presentation:

Do you need to write a text of your report while preparation for presentation? And do you need to keep wrote text before yourself when you are presenting? Or it will be better to memorize the text and to present without paper?

At a first glance, this is the best option – to write everything you will talk about. Yes, so you will better think the arguments, remember interesting facts, organize numbers etc. And if during the presentation you will forget anything due to excitement, you can always look at ready text. But specialists exactly recommend:

“Never write the text of presentation word by word and do not memorizing it word by word.”

First, oral and written text significantly differs from each other. Second, if the situation during presentation will suddenly change, then you will have more opportunities for improvisation, because you will not depend on strict scenario. How to be?

The best option in preparation of text for presentation is preparing small cards with thesis and key data. They will “save” you, if you will forget anything due to excitement and at the same time will leave opportunity for flexible adjustment to the specific situation.

Structure of presentation

Your presentation will sit easy and harmonious, if its structure will be built on the base of **composition law**. This is natural law withdraw from observations of natural phenomena.

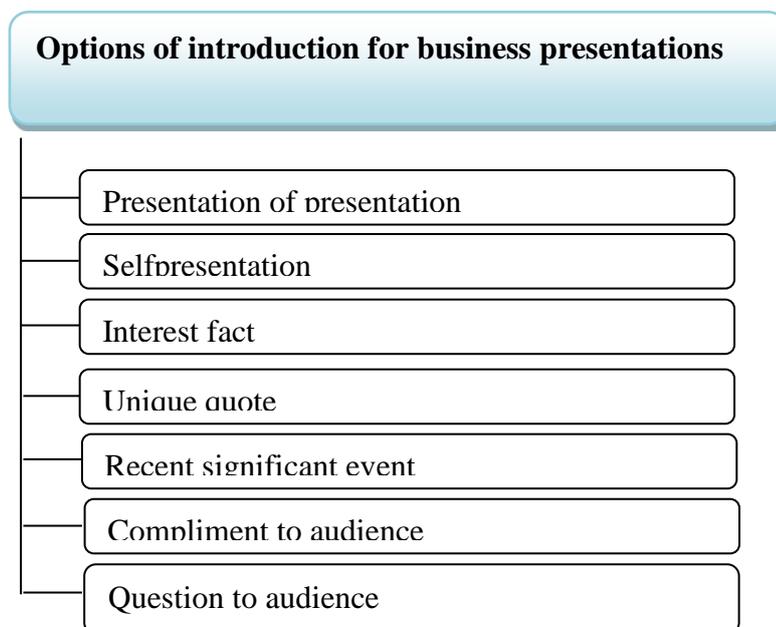


For example, composition of majority musical and literary works build by this law: introduction, main part, and conclusion.

Introduction:

Key objective of introduction – to come into contact with audience, attract attention, spark the interest to the topic of presentation. Introduction can take approximately 5-10% of total time of presentation. For example, if presentation should be held for 40 minutes, then you should give 2-4 minutes for introduction.

There are many options for introduction. Here are the most appropriate options for the business presentations:



Main part:

The meaning of main part is to get out your idea to audience. You should state the facts, give examples, link the experts etc. You should prepare audience for making proper decision reflecting the purpose of presentation. Main part holds about 60-80% of the total time of presentation. If you have 40 minutes for the whole presentation then try to state key idea about 30-35 minutes. Particularly in main part (actually before conclusion) culmination of your presentation should be existed – clearly formulated key idea. Particularly in culmination part of your presentation it should be clearly and unambiguously call audience to actions that expect from them.

Conclusion

The meaning of conclusion – the main idea of presentation should be stuck in the minds and hearts of audience. Conclusion should take about 5-10% from total time of presentation. Obviously, for completion of presentation with duration 40 minutes it is required about 5 minutes. There are many ways to bookend your presentation. As follows:

- Returning to the topic of presentation
- Call to action
- «Call»
- Encouraging audience
- Story about new horizons
- Compliment to audience
- Unique quote
- Interesting fact

ACCOMPANIMENT OF PRESENTATION

Technical means:

Selection of one kind or another audiovisual technical means of support depends of majority factors, such as the type of presentation, number of audience, technical opportunities of premises and limitations in budget. Today, organizers of presentations have various technical means of support, for instance, projector, videos, flipcharts, patterns and other.

Design concept of slides:

Modern business presentations often suppose preparation of slides in the format of PowerPoint. In the fact, the opportunities of this software (graphics, pictures, photo, animation, video clips and other) help you to emphasize key idea of your presentation, to make your message bright and unforgettable.

Proverbial, “Better to see once than to hear a hundred times”. Upon preparation of PowerPoint slides it is desirable to take into account recommendations of experts, otherwise there is some risk that in some cases your slides will be just the text of your speech, and in another case will turn into a show.

Presentation style:

Upon selection the style of your presentation (official, friendly, science, informal and etc.) it is important to remember about the rule “friend-or-foe”. Everything said by “another” person will be perceived more favorably.

For success of presentation, it is important to show your audience, what unites you with them (profession, education, work experience, clothes, mien, using terminology, slang and other). As well, the style of presentation determines by the type of those means that you will be used in order to keep main ideas of your presentation. Any presentations should have as emotional so logical means of influence.

Remember the most boring lecture of the university program. Probably it was so because the lecturer strode about, spoke in low voice and indistinctly and did not engage audience to the process. Now remember the most interesting lecturers.

Most probably they used humor, told stories and explained material to real life examples. These simple actions of speaker allow making complicated material - accessible and memorable. Audience does not want just to obtain information, but to take pleasure.

Emotions associated jointly with information mostly remain in the memory of people. It comes as no surprise that one of the main parts in education today in the world is joining of education and entertainment.

Unpredictable situations:

The more time you take to preparation of presentation, the less surprises you will have to wait during its conducting. But even the most thorough preparation can not guarantee that it will not be occurred the most various unpredictable situations, starting with lack of connector cables of projector and ending with unexpected coming of general director. Try to conduct rehearsal in place where you are going to conduct your presentation. It will allow you to get used the room and worry less. Take the control of torrent of questions on yourself. At the beginning of presentation you should discuss the procedure of answers to the questions: will you respond them immediately after asking or at the end of presentation. If you do not know the answer, be calm, in some cases you may just joke and in another you may offer to discuss it in breaks. When they ask you a question, hear them out, then clarify whether you understood a question, express gratitude and give a short concise answer. Herewith look at everyone present, not just a person asked a question. The presence of several people making decision among the audience may provoke you into something that you will present only for them, look at them, and consider just their reaction. This approach will certainly be losing. Audience always perceives itself as single entity therefore you should work for all audience then your important person will fall in public the general positive attitude.

Glossary of terms used in

Below you can find the list of definitions of terms which help you in writing your Business plan.

- **Advertising** is the activity of attracting public attention to a product or business, as by paid announcements in the print, broadcast, or electronic media. But don't mix with marketing or public relations.
- **Angel investors** are individuals who have capital that they are willing to risk. Angels are often successful entrepreneurs who invest in emerging entrepreneurial ventures, often as a bridge from the self-funded stage to the point in which a business can attract venture capital.
- **Assets** are the items of value owned by a company and shown on the balance sheet, including cash, equipment, inventory, etc.
- **Balance sheet** is a summary statement of a company's financial position at a given point in time, listing assets as well as liabilities.
- **Barter** is a direct exchange of merchandise and/or services between businesses
- **Breakeven point** is a value of sales that will cover, but not exceed, all of the company's costs, both fixed and variable.
- **Business incubator** is a form of mentoring, which in early-stage of businesses entrepreneurs will be provided with workspace, coaching, and support services in free basis or reduced cost.
- **Business plan** is a detail written document in a proposal form, covering current status, expected needs, and projected results for the enterprise. It contains a thorough analysis of the product or service being offered, the market and competition, the marketing strategy, the operating plan, and the management as well as profit, balance sheet, and cash flow projections.
- **Capital** is a cash or goods used to generate income. For entrepreneurs, capital often refers to the funds and other assets invested in the business venture.
- **Cash flow** is the difference between the company's cash receipts and its cash payments in a given period. It refers to the amount of money actually available to make purchases and pay current bills and obligations.
- **Collateral** is an asset provided as security for a loan.
- **Commodity** is anything which participates in free exchange to any other commodities, labor product able to satisfy demand of people and specially produced for exchange. In economics personal items are not commodities

- **Competition** is a competition between market participants for best commodity production, purchase or selling terms. Entrepreneurs compete with each other for being to be the first in identifying opportunities of profit and to use it.
- **Competitive** is a competition between market participants for best commodity production, purchase or selling terms.
- **Corporation** is a business form that is an entity legally separate from its owners. Its important features include limited liability, easy transfer of ownership, and unlimited life.
- **Demand** is a demand of buyer in some commodities or services, desire to buy these commodities or services in definite quantity and ability to pay on price within «accessible» range.
- **E-commerce** is the sale of products and services over the Internet.
- **Entrepreneur** is a person who organizes, operates, and assumes the risk for a business venture. Entrepreneurs compete with each other for being to be the first in identifying opportunities of profit and to use it
- **Equity** is an ownership interest in a business.
- **Exchange in economics** movement of commodities from one owner to another. The form of free-will exchange is trading
- **External factor** is an outside influences that can impact a business. Various external factors can impact the ability of a business or investment to achieve its strategic goals and objectives. These external factors might include competition; social, legal and technological changes, and the economic and political environment.
- **Home-based business** is a kind of business, of any size or type, whose primary office is in the owner's home.
- **Income statement** is also known as a "profit and loss statement," it shows a firm's income and expenses, and the resulting profit or loss over a specified period of time.
- **Internet** is the vast network of networks connecting millions of individual and networked computers worldwide.
- **Liabilities** is debts a business owes, including accounts payable, taxes, bank loans, and other obligations. Short-term liabilities are due within a year, while long-term liabilities are due in a period of time greater than a year.
- **Market** is sphere of commodity exchange and money circulation. Market – is a complex of all buyers and sellers or any group of people entering into business relations and concluding deals on exchange of any commodity.

- **Marketing** is the process of researching, promoting, selling, and distributing a product or service. Marketing covers a broad range of practices, including advertising, publicity, promotion, pricing, and packaging.
- **Marketing plan** is a document describing a firm's potential customers and a comprehensive strategy to sell them goods and services
- **Networking** is a developing business contacts to form business relationships, increase knowledge, expand a business, or serve the community. (2) Linking computers systems together.
- **Niche marketing** is a identifying and targeting markets not adequately served by competitors.
- **Offer** is the definition reflects the behavior of producer in market, his readiness to produce any quantity of commodity in exactly period by exactly price terms.
- **Partnership** is a legal form of business in which two or more persons are co-owners, sharing profits and losses. . Patent: A property right granted to an inventor to exclude others from making, using, offering for sale, or selling an invention for a limited time in exchange for public disclosure of the invention when the patent is granted.
- **Personal factor** is a personal factor is a characteristic of a person such as age, sex, sociocultural identity, organic systems, capabilities, etc.
- **Prices** is a monetary value of cost, exchangeable coefficients, established in the result of cooperation of those who is planning to buy and those who is planning to sell. It is easy to calculate our expenses and to plan our profit when the prices are existed.
- **Profit** is the differences between income (revenue) and expenditures or selling these commodities or goods. (Profit = Revenue – Costs)
- **Social entrepreneur** is a person who recognizes a social problem and uses entrepreneurial principles to organize, create, and manage a venture to make social change. Social entrepreneurs often work through non-profit organization and citizen groups, but they may also work in the private or governmental sector. Many successful entrepreneurs, such as Bill Gates of Microsoft, have become social entrepreneurs.
- **Variable costs** are the costs that vary as the amount produced or sold varies

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Climate under the President of the Republic of Tajikistan
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