

J BLACK EDUCATIONAL CONSULT

MOTTO: KNOWLEDGE FOR CAREER CONSCIOUSNESS

FOR MORE SUMMARY CONTACT ME ON:

WHATSAPP: 08122993587/08063755610

GST 302 EXAM SUMMARY

J BLACK EDUCATIONAL CONSULT

For every action that is taken whether as an individual or group there is a **plan**

There is a **plan** for every actioN that is taken whether as an individual or group

A business plan is systematic and **scientific**

Before launching of a business you should logically organize the process you want to adopt to achieve the set business **objectives**

The organized procedure adopted to achieve the set business objectives is called **planning**

The term “business plan” has different meanings to different people **True**/False

The term “business plan” has similar meanings to different people **False**/True

Banks that release (their own) planning guidelines consider formal business loan applications to be synonymous with **business plans**

According to Kuratko and Hodgetts (1998), the business plan describes to investors and financial sources all of the events that are likely to affect the proposed venture

A business plan describes a business **opportunity**



A _____plan describes a business opportunity

J BLACK EDUCATIONAL CONSULT

Business

Is it really necessary to have a business plan when the business is yours and you can take any decision you like at any time?
True

The following are the importance of business plan

- Control future risks
- Prepare for future uncertainty
- Control business environment
- Control business growth
- Avoid sales crises
- Avoid liquidity crises
- Avoid succession crises
- Ensure people development Ensure work space available
- Avoid stock buying crises

According to Timmons and Spinelli, (2004), developing the business plan is one of the best ways to define the blueprint, strategy, resource, and individual requirements for a new venture Writing a business plan is time consuming and **financial wastage**

These are the benefits of Planning

- Reduces firefighting
- Justifies your plans and actions
- Tests your ideas on paper

J BLACK EDUCATIONAL CONSULT

- Indicates your ability and commitment

A well-prepared business plan is an _____document
Impressive

A written Business Plan should contain the following information:

- The Business Idea
- The Entrepreneurs
- Business Objectives

The product or service Technical description of the business

- Manufacturing
- Retailing
- Service

The following are components of a Good Business Plan

- Executive Summary
- Company Description
- Market Analysis
- Competitive Analysis
- Description of Management and Organization
- Breakdown of Your Products and Services
- Marketing Plan
- Sales Strategy

I BLACK EDUCATIONAL CONSULT

The need for a business plan includes all except:

a. Planning to launch a new business

b. Expanding your existing business

c. Adding a new product or product line

d. Increasing your labour force

A plan must be_____

a. Readable

b. Accommodating

c. Explicit

d. Durable

One of the benefits of planning is_____

a. It justifies your plans and actions

b. It increases “firefight”

c. It keeps ideas in your memory

d. It indicates your inability

A written business plan should have all the following except_____

J BLACK EDUCATIONAL CONSULT

a. Financial information

b. Product or service

c. Business objective

d. Liquidation plan

The importance of feasibility study cannot be overemphasized as it _____

a. provides comprehensive details about the business to determine if, and how it can succeed, and serve as a valuable tool for developing a good business plan

b. does not list in details all the things you need to make the business works

c. does not identify logistical and other business related problems and solutions

d. **does not serve as a solid foundation for developing your business plan**

The type of business you are planning should be stated under _____

a. Description of the business

b. Marketing

c. Organization

d. All of the above

J BLACK EDUCATIONAL CONSULT

Which of the following question will be answered in a business plan under organization?

a. What products or services will you sell?

b. Who are your potential customers?

c. How will you promote sales?

d. **Who will manage the business?**

The following except …… is a component of feasibility study

a. Executive Summary

b. Product/Service

c. Acquisition

d. Technology

The importance of feasibility studies include

a. Listing in details all the things you need to make the business works

b. Identifying logistical and other business related problems and solutions

c. Serving as a solid foundation for developing your business plan

d. All of the above

BLACK EDUCATIONAL CONSULT

The need for a full-scale business plan according to Cagan (2006) is spurred by the following except one: a. You plan to launch a new business

b. You want to expand your existing business into new markets

c. You want to add a new product or product line

d. None of the above

Developing the **business plan** is one of the best ways to define the blueprint, strategy, resource, and individual requirements for an on-going venture

A properly crafted business plan can help solidify your _____
Vision

Business Plans and Feasibility studies are required as controlled process for identifying business problems and opportunities, determining objectives, describing situations, defining successful outcomes, and assessing the range of costs and benefits associated with several alternatives for solving a problem

It is advisable to invest in a business because your friend or someone you know is into that business. True/**False**

It is advisable to invest in a business you have passion for?
True/False

Intrinsic motivation is also known as the **entrepreneurial obsession**

J BLACK EDUCATIONAL CONSULT

Intrinsic motivation is a term used to refer to the predisposition to work on something because it's interesting, engaging, stimulating, satisfying or challenging on a personal level

The predisposition to work on something because it's interesting, engaging, stimulating, satisfying or challenging on a personal level is called **Intrinsic motivation**

According to the American Small Business Administration, approximately _____ percent of small businesses close their doors within the first two years

Thirty

_____percent of small businesses close their doors within the first two years according to the American Small Business Administration

30 or **Thirty**

The factors that can motivate someone to start a business include

- Business Involvement
- Make it Personal
- Being in Charge
- Financial Need
- Accomplishment
- Self-Fulfillment
- Additional Income
- Second Career
- Passion
- Creating Value

I BACK EDUCATIONAL CONSULT

- Changing the World
- Being in Control
- Money

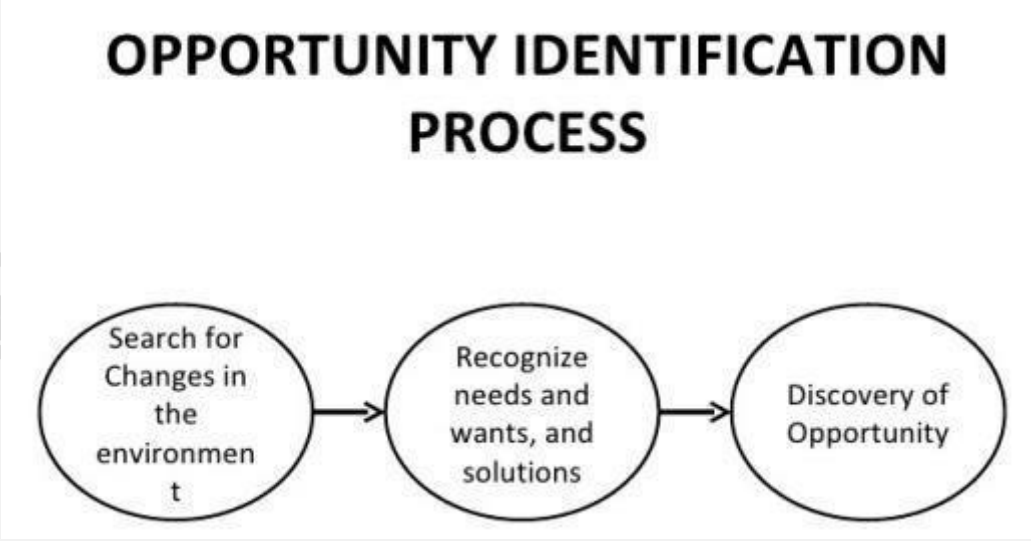
The **drive** to start a business comes from the desire to put a personal touch back into doing business

In terms of creating value, entrepreneurs are _____

Builders

Opportunity refers to the extent to which possibilities for new ventures exist and the extent to which entrepreneurs have the leeway to influence their odds for success through their own actions

A perceived means of generating incomes that previously has not been exploited and is not currently being exploited by others is referred to as **opportunity**



Opportunity is a major process of self-evaluation of one's ability to start, operate and run a business venture with the popular analysis

often referred to as _____ **SWOT** (Strength, Weaknesses, Opportunity and Threat)

SWOT stands for Strength, Weaknesses, Opportunity and Threat

There are_____ stages of opportunity identification process **Five**

Opportunity identification has _____stages that lead to 'recognition **Five**

Opportunity identification has five stages that lead to **recognition**

The Stages of Opportunity Identification process include these

- Preparation
- Incubation
- Insight
- Evaluation
- Elaboration

Preparation stage is that knowledge and experience exercised just before the opportunity discovery process

Incubation stage is the part of the opportunity identification process that involves the consideration of a concept or a specific problem ordinarily not subjected to conscious or formal analysis by a businessman or his team

BLACK EDUCATIONAL CONSULT

Insight stage occurs at the moment a fundamental solution suddenly becomes recognized unexpectedly

Evaluation stage is about investigating if the recognized and developed ideas are feasible, if the businessman has the required abilities to realize the ideas and if the idea is sufficiently innovative for prospects

Elaboration is that stage that exposes the opportunity/ideas to external analysis with the tedious and time–consuming options selection, choice decision and organization of resources

The stage that exposes the opportunity or ideas to external analysis with the tedious and time– consuming options selection, choice decision and organization of resources is called **Elaboration** stage

All over the world, there are some _____that entrepreneurs must follow to ensure their businesses are legally sound right from its foundation

Laws

The following are steps for starting a business

- Pick a name business
- Register a fictitious business name/DBA
- Incorporate your business or form an LLC
- Get a federal tax ID number
- Learn about employee laws
- Obtain the necessary business permits and licenses
- File for trademark protection
- Open a bank account to start building business credit

J BLACK EDUCATIONAL CONSULT

The following are legal requirements to review and understand before launching a small business.

- Registered business name
- Federal taxes
- State and local taxes
- Business permits and licenses
- Business laws and regulations

The following are the legal requirements to start a business

- Company bylaws for corporations
- Meeting minutes
- Operating agreement for LLCs
- Non-disclosure agreement
- Employment agreement
- Business plan
- Memorandum of understanding
- Online terms of use
- Online privacy policy
- Apostille

A **business plan** may not be a legal document but it is required should you ever decide to seek financing or sell your business

Important legal requirements to review and understand before launching small business include these

J.BLACK EDUCATIONAL CONSULT

- Registered business name
- Federal taxes
- State and local taxes
- Business permits and licenses
- Business laws and regulations

A **feasibility study** is an analysis used in measuring the ability and likelihood to complete a project successfully including all relevant factors

A **feasibility study** accounts for factors that affect a business such as economic, technological, legal and scheduling factors

Project managers use feasibility studies to determine potential positive and negative outcomes of a project before investing a considerable amount of time and money

A comprehensive research study required by the entrepreneur or his agent to determine the practicability, profitability and viability of the business idea is called **Feasibility analysis** Feasibility analysis is an overview of the business and a preliminary appraisal of the business idea to consider if it merits pursuing

A feasibility analysis provides the entrepreneur the opportunity to flesh up the initial business plan, consider the missing and available features needed to be put in position for the business to succeed

Importances of Feasibility analysis are the following

- Appraise the business marketplace for the new business idea

IBLACK EDUCATIONAL CONSULT

- Assess if the Managing team have the personality generally known with successful business persons
- Identify the challenges of startups and how one can overcome those challenges
- Consider the financial feasibility of the business viz-a-viz its expected sales incomes, fixed and variable costs as well as breakeven calculations
- Decide to continue with the business plan due to its viability and other attractions or not

A viable business idea is a business which can be operated successfully and smoothly

In **Botswana**, small business contributed between 30-45% to the nations GDP and accounted for more than 60% of wage employment

The two types of business growth are internal growth and **External growth**

NB: External growth can be carried out by seeking external finance or by merger and acquisition

NB: Internal growth is typically a steady process of expansion from within the firm. The owners of the business contribute more capital, or plough back profits into the business to acquire new assets, employ more staff, build additional plant or deploy new technology

The following are reasons for the growth of a business

JBLACK EDUCATIONAL CONSULT

- Profit motive
- Cost motive
- Market power motive
- Risk motive
- Managerial motives

The goal of virtually every business owner is _____

Growth

These are ways to solve basic challenges in business start up

- Keeping up with the market
- Planning ahead
- Cash flow and financial management
- Problem solving
- The right systems
- Skills and attitudes
- Welcoming change

Market research can be done as a one-off when the business is launched **False**/True

Planning ahead helps you anticipate your financing needs and arrange suitable funding for a growing business

Entrepreneurs are the driving force behind creating and growing new businesses

BLACK EDUCATIONAL CONSULT

The driving force behind creating and growing new businesses are called **Entrepreneurs**

A **franchise** is a successful business concept developed by the franchisor that grows a multi-unit network through selling the rights to their intellectual property and the systems and processes to operate one or more individual units to franchisees

A successful business concept developed by the franchisor that grows a multi-unit network through selling the rights to their intellectual property and the systems and processes to operate one or more individual units to franchisees is known as **Franchise**

The essential business skills that are critical in growing a business include

- Financial management
- Being able to effectively manage your finances is critical
- Marketing, sales and customer service
- Communication and negotiation
- Leadership
- Project management and planning
- Delegation and time management
- Problem solving
- Networking

I BLACK EDUCATIONAL CONSULT

An **acquisition** is the purchase of by one company (the acquirer) of a substantial part of the assets or the securities of another (target company)

The following are types of Mergers and Acquisitions

- Horizontal Merger
- Vertical Merger
- Conglomerate Mergers

Horizontal mergers raise _____basic competitive problems **Three**

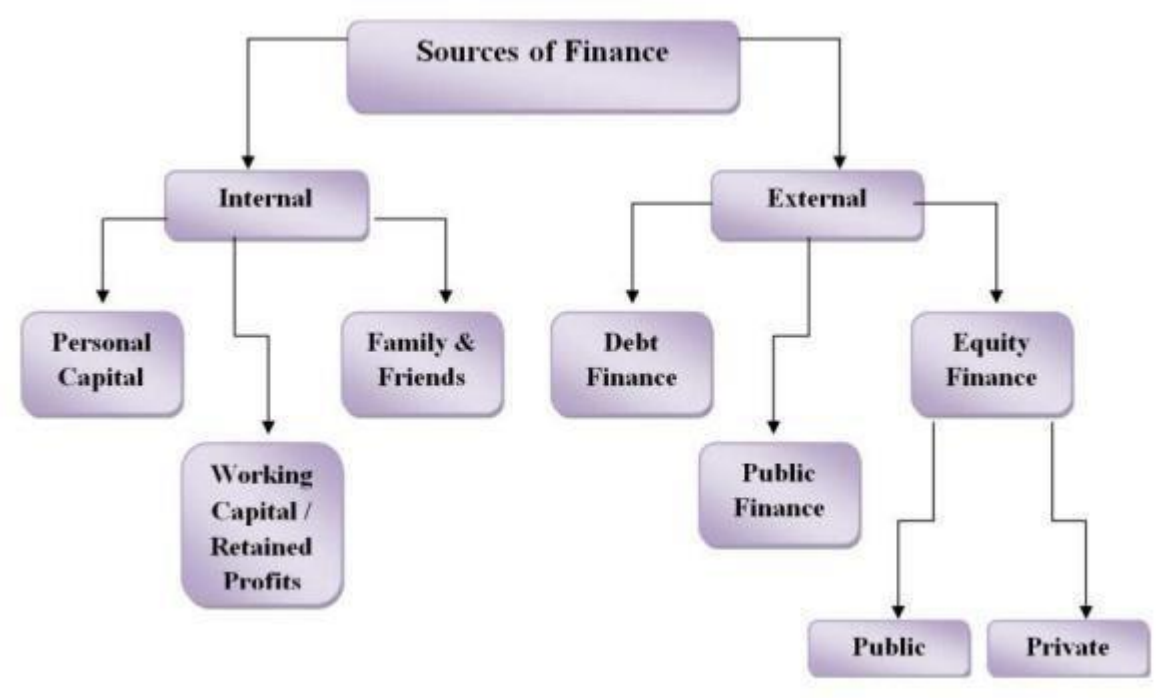
The significant motives for mergers include the following

- Growth
- Diversification of risk
- Financial synergy
- Building Empire

Differentiate between mergers and acquisitions

A merger is a legal consolidation of two or more entities into one entity, a combination of two or more companies in which the assets and liabilities of the selling firm(s) are absorbed by the buying firm while an acquisition occurs when one entity takes ownership of another entity's stock, equity interests or assets

BLACK EDUCATIONAL CONSULT



The different sources of fund to fund a business include these

- Equity
- Debt
- Debentures
- Retained earnings
- Term loans
- Working capital loans
- Letter of credit
- Euro issue
- Venture funding

The following are the external sources of finance for a business

- Loan Capital
- Share Capital

J BLACK EDUCATIONAL

The most common way to obtain loan capital for a business is through borrowing from a

_____

Bank

When you obtain loan capital from the bank, **collateral** is demanded to provide security in case the loan cannot be repaid

_____ is demanded by the bank when procuring a loan capital

Collateral

An **overdraft** is basically a very short-term loan

A very short-term loan is called an **overdraft**

Collateral is an asset used as security for a loan in the ban which can be sold by a lender if the borrower fails to pay back a loan

Over-trading occurs when a firm expands without adequate and appropriate funding

A company with limited liability and shares are available to the public that can be quoted on the stock market is called **Public Limited Company (PLC)**

Share capital is a business finance that has no guarantee of repayment or of annual income, but gains a share of the control of the business and its potential profits

Stock market is a market for buying and selling company shares that supervises the issuing of shares by companies and also a second-hand market for stocks and shares

JD BLACK EDUCATIONAL CONSULT

Venture capital is a high-risk capital invested in a combination of loans and shares usually in a small and dynamic business

The two major financing sources available to a business are:

- Internal sources of finance
- External sources of finance

Internal sources of finance to a business

- Equity
- Sale of Stock
- Sale of Fixed Assets
- Retained Earnings
- Debt Collection

External sources of finance to a business

- Financial Institutions
- Loan from banks
- Preference Shares
- Debenture
- Public Deposits
- Lease financing
- Commercial paper

J BLACK EDUCATIONAL CONSULT

NB: Internal Source of Finance is the finance or capital which is generated internally by the business unlike finances such as loan which is externally arranged by banks or financial institutions

The internal source of finance is retained profits, the sale of assets and reduction or controlling of working capital

Informal Sources of Finance for a New Company

- Own Savings
- Family and Friends
- Credit from Suppliers

Moneylenders, traders, employees, relatives and friends are examples of Informal sources of finance

The sources of funding are available to a Business Start-up

- Funding
- Bank loan MFIs
- Overdraft
- Leasing
- Venture capital
- Trade credit
- Government initiative
- Family and relatives

J BLACK EDUCATIONAL CONSULT

Resource efficiency is the maximizing of the supply of money, materials, staff, and other assets that can be drawn on by a person or organization in order to function effectively, with minimum wasted resource expenses

The act of maximizing of the supply of money, materials, staff, and other assets that can be drawn on by a person or organization in order to function effectively, with minimum wasted resource expenses is known as **Resource efficiency**

The following are the ways to manage resources

- Plan to Plan
- Take a Systematic Approach
- Use Technology Where Possible
- Use Resource Management Software



CATIONAL CONSULT

The following are some of the features you should look for in the software you are investing in

- Scheduling the projects
- Generating a work schedule
- Producing a weekly schedule

Resource management software makes use of a convenient planning board to give clients instant overview of all the ventures and resources

Inadequate resource management will lead to resources being under-utilized or over exhausted

The marketing concept is the philosophy that firms should analyze the needs of their customers and then make decisions to satisfy those needs better than the **competition**

The **marketing mix** is defined as the set of marketing tools that the firm uses to pursue its marketing objectives in the target

The 4Ps of marketing are product, price _____and place

Promotion

The marketing mix refers to four broad levels of marketing decision: product, price, promotion and place

The 4Ps of marketing are product, price, promotion and **place**

Price refers to the value that is put for a product which depends on costs of production, segment targeted, ability of the market to pay, supply - demand and a host of other direct and indirect factors

J BLACK EDUCATIONAL CONSULT

Product refers to the item actually being sold and the product must deliver a minimum level of performance; otherwise even the best work on the other elements of the marketing mix won't do any good



Modern Marketing is a holistic, adaptive methodology that connects brands with real customers and drives business results by blending strategy, creative, technology and analysis

The essential technology categories for building, executing and analyzing your modern marketing strategy

- Sales force automation software
- Social marketing platform
- Marketing automation software
- Web platform
- Content marketing software

Traditional marketing refers to any type of promotion, advertising or campaign that has been in use by companies for years, and that has a proven success rate

Methods of traditional marketing can include the following

- Newsletter
- Billboards
- Flyers
- Newspaper print ads

The modern tools include the following:

- Sales Force Automation Software
- Social Marketing Platform
- Marketing Automation Software
- The Web platform
- Content Marketing Software

Ethics concern an individual's moral judgements about right and wrong. Decisions taken within an organization may be made by individuals or groups, but whoever makes them will be influenced by the culture of the company

Ethical behaviour and corporate social responsibility can bring significant benefits to a business

Business ethics is also known as **corporate ethics**

Corporate ethics is otherwise called **business ethnics**

J BLACK EDUCATIONAL CONSULT

Business ethics refers to the application of ethical values in a business environment

The following are the important ethics in business

- Ethics lays the strategic decision-making
- It increases employee retention
- An ethical business attracts investors
- Ethics minimizes costs
- Ethical practices help in building and maintaining reputation
- An ethically oriented company is bound to avoid fines
- Ethics in a business attracts more employees
- Good business ethics is the key to enhancing productivity
- Ethics create customer loyalty
- Ethics encourage teamwork
- A business that values ethics attracts more suppliers
- Ethics in enhances partnerships
- Ethics reduces business risks
- It improves a company's bottom line
- Ethics increases business profits
- Ethics lead to sustainable growth in sales
- Good ethics in a business boosts the morale of the employees
- Ethics helps in building consumer confidence
- Ethics enable a company to make good use of the limited resources
- Ethics in business allows for healthy competitions
- Ethics lead to long-term gains

J BLACK EDUCATIONAL CONSULT

- Ethics helps in maintaining quality
- Ethics offers extra asset protection
- Ethical practices foster community improvement
- Good business ethics is an end in itself
- Ethics promote Corporate Governance in an organization
- Ethical practices helps in setting up the internal control systems
- Ethics is necessary for equality at workplaces

E-commerce is the activity of buying or selling of products on online services or over the Internet

The activity of buying or selling of products on online services or over the Internet is called **Ecommerce**

Electronic commerce encompasses the marketing, buying and selling of merchandise or services over the Internet

E-commerce facilitates the growth of _____business

Online

E-commerce facilitates the growth of online business categorized as follows:

- Online marketing
- Online advertising
- Online sale
- Product delivery
- Product service
- Online billing

J BLACK EDUCATIONAL CONSULT

Ecommerce is also known as electronic commerce or internet commerce

Internet commerce is the buying and selling of goods or services using the internet and the transfer of money and data to execute these transactions

E-business (electronic business) is the conduct of business processes on the_____ **Internet**

Electronic trading is otherwise known as:

- scripless trading
- e-trading
- paperless trading

Discipline is a common trait of all successful business people

Discipline in business requires among other things:

- Motivation and Personal Development
- Teamwork
- Holistic Bookkeeping
- Creating a Vision and Plan
- Marketing and Customer Retention

J BLACK EDUCATIONAL CONSULT

Business disciplines refer to the practices that help a business grow by putting a business practice into place, an entrepreneur can help ensure success and growth over the long term by creating a plan before the launch of an idea

Learning is the process of acquiring new or modifying existing, knowledge, behaviors, skills, values, or preferences

The process of acquiring new or modifying existing, knowledge, behaviors, skills, values or preferences is called **Learning**

Core lessons for expanding your growing business

- Establish a value proposition
- Identify your ideal customer
- Define your key indicators
- Verify your revenue streams
- Look to your competition
- Focus on your strengths
- Invest in talent

Decision making is the process of making choices by identifying a decision, gathering information, and assessing alternative resolutions

There are many ways of classifying decision in an organization but the following types of decisions are important ones:

- Tactical and strategic decisions
- Programmed and non-programmed decisions
- Basic and routine decisions
- Organizational and personal decisions

J BLACK EDUCATIONAL CONSULT

- Off-the-cuff and planned decisions
- Policy and operating decisions
- Policy, administrative and executive decisions

Ernest Dale has classified decisions in business organization as under:

- Policy decisions
- Administrative decisions
- Executive decisions

Ernest Dale was born in Hamburg, Germany and died at the age of 79

According to _____the size of the advertising budget is a policy decision but selection of media would be an example of administrative decision

Ernest Dale

These are types of decision

- Business decision making Personal decision making
- Consumer decision making

Business decision making includes decisions that are made that determine business or organization outcomes

Personal decision making has the decisions that determine who we are as individuals and the outcomes we create for ourselves and others with which we have relationships

J BLACK EDUCATIONAL CONSULT

Consumer decision making consists of choices that determine our effectiveness in purchase decisions that occur in either a personal or business context

There are _____stages of business growth

Five

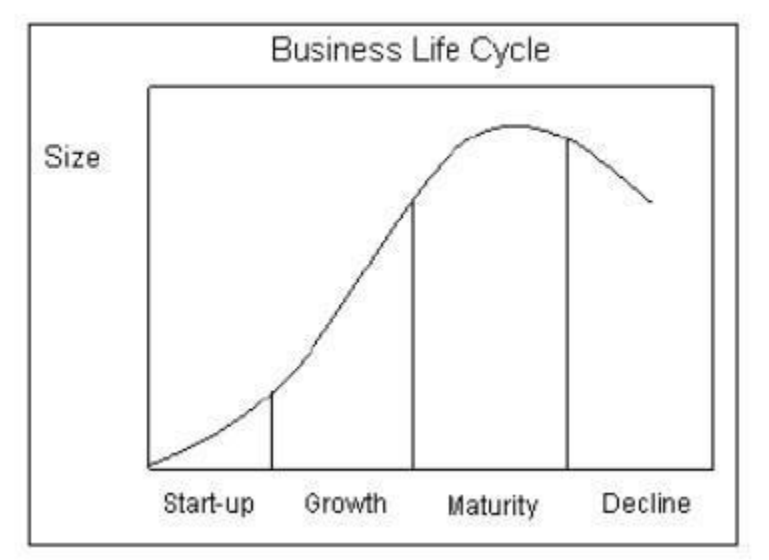


Fig: The five stages of business growth

The different stages in business growth are the following

- Development / Seed Stage
- Start-up stage
- Growth stage
- Expansion stage
- Maturity stage

The development or seed stage is the beginning of the business lifecycle

The beginning of the business lifecycle is known as_____ stage

Development or **seed**

The challenges in the Development stage of a business include

- Business Idea Profitability
- Market Acceptance
- Establishing Business Structure
- Accounting Management

The challenges in the Startup Stage of a business include

- Managing Cash Reserves
- Managing Sales Expectations
- Accounting Management
- Establishing Customer Base
- Establishing Market Presence

The challenges in the Growth/Survival Stage of a business include

- Dealing with Increasing Revenue
- Dealing with Increasing Customers
- Accounting Management

JBLACK EDUCATIONAL CONSULT

- Effective Management
- Market Competition

The challenges in the / Rapid Growth Stage of a business include

- Increasing Market Competition
- Accounting Management
- Moving into New Markets
- Adding New Products/Services
- Expanding Existing Business

The challenges in the Maturity Stage of a business include

- Increasing Market Competition
- Accounting Management
- Moving into New Markets
- Adding New Products/Services
- Expanding Existing Business
- Exit Strategy

J BLACK EDUCATIONAL CONSULT

FOR PURCHASE OF FULL/MORE SUMMARY

WHATSAPP: 08024665051