

**ASSOCIATION FOR PROMOTING ENTREPRENEURSHIP  
AND EDUCATION (APEE)**



**TRAINING SYLLABUS ON BUSINESS CREATION**

## CREATING ONE'S OWN BUSINESS

### GENERAL INTRODUCTION

The term "business" is a word commonly used nowadays especially in World affairs. It is also found in the characterization of many professions (agricultural, industrial, financial enterprise, etc.) and in different forms (private and public enterprises).

The enterprise, being by definition an autonomous economic unit producing goods and services for sale and distributing income, it holds the attention of everyone. Moreover, our contemporary world is dominated by commercial activities.

Faced with the impossibility of fighting against the problem of unemployment definitely, or of ensuring a decent job for all job seekers, the authorities support private initiatives to create jobs and especially self-employment. In practice, each person is called upon to become his/her own employer. So, these are elements that explain why business has really become a subject of interest and attraction.

This support will open doors to people who want to get into the entrepreneurial field in order to become their own boss.

#### References:

1. *Not everyone had the chance to miss out his studies* by Olivier Roland
2. *The business creation toolbox* by Catherine Léger-Jarniou and Georges Kalousis.

## **CHAPTER I: THE 12.5 REASONS FOR WHICH BEING AN ENTREPRENEUR WILL BRING YOU MUCH MORE THAN BEING EMPLOYED.**

### **Introduction**

There are reasons why one may find out that being an entrepreneur brings much more benefits than being an employee. Among those reasons we can cite, for example: experience, diploma, salary and the myth of work, job security and the chance of unemployment, fulfilling someone else's dreams, the philosophy of to call oneself a salaried worker, the trap of the cement slippers, to create one's own business, the loss of freedom and independence, etc.

### **Being an entrepreneur Vs being an employee.**

Many people seem to ignore the difference between an entrepreneur and an employee. Obviously, these two notions are very different. In general, being an entrepreneur brings more advantages over being an employee for the following reasons:

When one is an entrepreneur, he/she accumulates various experiences as quickly as possible. By starting a business, we have the opportunity to meet a lot of important people, and when we train ourselves we can immediately apply the new knowledge, which quickly turns into skills. Furthermore, one may think that being an employee is a means of gaining experience. This is not entirely wrong, but it is good remembering that starting a business accumulates experience at a higher rate. In addition, it will bring you an extremely varied and very useful experience for the rest of your life.

Regarding the diploma, it doesn't mean much in the entrepreneurial world. What matters most is having the best product or service at the best price. However, in certain sectors the diploma may be requested to start a business, for example for doctors, lawyers, notaries, etc. In general, the diploma is no longer an essential element to start a business.

Salary is also a factor that blocks people from starting their own businesses. They find it well to remain employees rather than to embark on the creation of their own entrepreneurial activities. Around the world, it is understood that being an employee is the common way to make money because being an employee means having to trade your time for money. But time is our most valuable asset, so trading your most valuable assets for money is a terrible idea.

To be an employee is to fulfill someone else's dreams. So you are helping him build his business and achieve his dreams. The longer you remain an employee, the longer you will find it normal and the longer you will hesitate to start. It will be more difficult for you to quit your job because of this illusion of security that you have created for yourself. Therefore, you settle into a comfort

zone, where you are not necessarily the happiest in the world, but where you are not unhappy either: this is the trap of the cement slippers.

Finally, starting your own business is a way of giving yourself a form of freedom and independence because when you are employed, you cannot be free and independent as you wish.

## **CHAPTER II: BUT BEING AN ENTREPRENEUR IS SCARY!**

Being an entrepreneur seems to be a terrifying fact for people who want to start. The following elements are on the basis of what causes this fear:

- . The myth of job security;
- . The myth of bankruptcy;
- . The fear of failure;
- . etc.

It's normal that everyone is afraid when starting a business. Even highly experienced entrepreneurs experience this fear, but you always have to get started.

## **CHAPTER III: BUILDING AN EMPIRE OR HAVING A BUSINESS THAT WORKS FOR YOU: FOR WHICH BUSINESS FOR WHAT OBJECTIVE?**

There are many reasons why you may want to start your business. Among the typical ones, we can mention:

- The desire for independence, for freedom, and no longer have to work under the orders of a boss.
- Earning more money.
- Creating a job.
- Concretely put in place a vision and an idea that fascinate us.
- Creating a real business.

Some entrepreneurs are happy to be working like crazy people in their business because it is their passion and their greatest pleasure in life. Starting a business can be an extremely interesting adventure and if you taste the freedom it brings you might fall in love with it ... and consider that those who spend too much time in their business are foremost work funs. By creating a business, you not only create a job, but it is also a way to earn more money and achieve your dreams.

## **CHAPTER IV: GOOD STATE OF MIND: HOW CAN ONE START A BUSINESS BEING AFRAID AND DEFECTIVE?**

The importance of the state of mind is often emphasized when approaching a project, an event or just something important and demanding. Our state of mind, even if it does not determine everything, can have a very important impact on the goals that we set to ourselves and on success in general. The following points are essential aspects of this mindset: proactivity, not relying on the government, accepting criticism, perseverance, etc.

Proactivity is one of the most desirable qualities at work. It is a state of mind that helps people to succeed in their entrepreneurial life, the ability to take initiatives, to act on their own, without waiting for an education or a request, it is to take action today to improve tomorrow. So, when we experience the fear of tomorrow, we cannot undertake. It is also good not to rely on the government by trying to self-employ. Another very important thing is to accept criticism and persevere in the entrepreneurial path. In fact, people try to criticize all new things in order to discourage you, but having this good mindset can always keep you comfortable and successful in the entrepreneurial life.

## **CHAPTER V: FINDING QUICKLY AN IDEA FOR YOUR BUSINESS**

The starting point for a successful entrepreneurial process is the idea, or more exactly the good idea of starting a business. Ideas or projects for creating or retaking a business can be classified into two main categories: **classic ideas** which consist in retaking a business or creating on the basis of an existing concept and **innovative projects** which are based on new ideas or concepts. In fact, finding a new idea is often more difficult than drawing inspiration from an existing one that you adapt or develop. By doing this, for example, one can take inspiration from what works abroad by adjusting the concept to the way it works.

It may happen that you share your idea with other people. To differentiate yourself, pay attention to providing an added value that is unique to you and that will differentiate you from the competition since the start of your project.

Finally, the easiest way to get business ideas is to travel in the course of time. If you go into the future and see what works, it will be easy for you to know which business to start if you come back to the present, or if you go to the past, you can easily know what kind of business to start with in opposite to what is working at the moment. The fact is that you want to start a business in an area that you are passionate about and in which you already have skills. So, going to countries that are advanced in certain domains is a great way to search for business ideas. You can find ideas there to bring them to your country.

## **CHAPTER VI: HOW DOES THE INTELLIGENT REBEL CREATE A BUSINESS?**

According to Michael Masterson, before that your business makes sales, it is nothing more than an unproven set of ideas that you have spent money on. For him, there are steps to follow before starting an entrepreneurial activity: you must first test the starting hypothesis of your business in the simplest way, the most economical - in time, money and energy - and the closest to reality ... rather than committing huge resources to an unproven idea.

In principle, market research is a step that comes first when setting up a business. Indeed, once the

entrepreneur has an idea for a business he would like to start, he will have to make sure that the market in which he wishes to enter meets his expectations. In addition to the market research, the entrepreneur must formulate a hypothesis which includes the following elements:

- The proposed name of the company;
- Its business sector;
- In short, the purpose of the company, and what will differentiate it from others
- A slogan which will summarize this positioning in a few words.
- Etc.

In addition, you have to look into the future by testing the hypothesis to verify the product or service that will be of sufficient interest to customers. To get there, you need a survey that will allow you to know:

- What is the biggest problem and frustration of your customers... the one that they want you to solve first;
- A range of the price they say they are willing to pay for it;
- Sociodemographic data which allows you to define a precise picture of your customers;
- One or more pictures of your customers.

In the end, the product creation is of significant step in the creation of businesses. This allows the company to rejuvenate itself. Marketing experts have never ceased to insist that a business that does not renew itself is dying. So, the product creation follows the following step:

- The market study;
- Identifying market needs;
- Start from an original idea;
- Determining competitive advantages;
- Evaluating potential customers;
- Market segmentation;
- Identifying competitors,
- etc.

## **CHAPTER VII: HOW TO CREATE YOUR BUSINESS TO THE EXTEND THAT IT LASTS?**

It is observed that many people want to start a business so that it lasts a long time. The question that arises is whether we can achieve this by creating a business alone or with friends (associates). In fact, both possibilities have advantages and disadvantages. Business creators who have a project that requires little funding and who want to get started quickly find it better to go alone. Indeed, when you start alone, it is lighter, faster and easier.

In addition, one of the first advantages of starting a business with others is financing. In fact, each partner makes a contribution, increasing the amount of bank financing and even more. It is therefore possible to create larger-scale projects with more financial strength at the start, which can be very interesting, especially for projects where the breakeven point is far away. To make a business last, there is a way to implement an effective risk management policy and program that can increase the chances of your business succeeding and decrease the possibility of failure. The following elements are taken as an example:

- Risk management process;
- Identifying types of risks your business faces;
- How to assess the risks;
- Use preventive measures for business continuity;
- Know how to manage risks;
- Choose the appropriate insurance to protect yourself against losses.

Finally, companies face a large number of risks, which is why risk management should be a central part of the strategic management of any business.

## **CHAPTER.VIII: HOW TO SELL EFFECTIVELY WITH MARKETING?**

The purpose of any marketing message is to successfully catch the attention of your customers and get them to take action to buy your product. To implement effective marketing, the smart entrepreneur must know the universal principles of influence. In short, how to convince. Indeed, addressing the emotions of your potential customers is one of the mechanisms used to convince customers to buy the product. Very often, entrepreneurs think that the most important thing is to lower prices. But this is not the case. It's about making the value greater than the cost. To do this, you just have to:

- Make sure that your product contains that exciting element that your prospects are looking for.
- Optionally add one or two features, or bonuses to make the offer even more attractive. So you can offer extraordinary value for a high price.

To be able to sell effectively, the value of information should also not be overlooked. In fact, it is very important today to have a website for your business. You must be present on the web, in particular to increase your customary level by reaching a large audience. The advantage of a website is that it is accessible all the time and allows free communication at a lower annual cost. Whether it is to present your business, talk about your products, facilitate communication with partners or answer your customers' usual questions.

Apart from information, the other important elements in the marketing system are:

- Customer testimonials;

- Make partnerships with other people or companies;
- Make product launches, etc.

## **CHAPTER IX: HOW INCREASING YOUR EFFICIENCY AND BE HAPPIER BY DELEGATING?**

One of the most typical mistakes of business creators is to be "solo-takers" rather than entrepreneurs. They want to do it all on their own and don't entrust some of the tasks they do to others, for one or more of these reasons:

- They think they're going to do things better than those they give tasks to.
- They want to control everything.
- They think it costs too much.

In general, the truth is that delegating is the key to building a real business because you can't do everything pretending to be a business owner. So, the best thing to do is to quickly identify tasks to delegate in your company and to outsource them. This will increase the efficiency of your business. By giving certain tasks to other people, it becomes a means of having good control over the activities of the company. For example, we can delegate the following tasks to other people:

- Repetitive tasks that take up time;
- Tasks that you do not do well;
- Tasks that do not directly earn you money, etc.

# OPERATIONAL TOOLS FOR BUSINESS CREATION

## CHAPTER I: SUCCEEDING THE BUSINESS PLAN

The Business plan is a written document, which synthesizes the projection of the project and thereby shows that the project will be viable and generate interest. Being simply the starting idea, it later turns into a "business project". As a result, it has two related parties; a strategic part (the history of the project and of the creators, the project and its technology, the business model, the means necessary to achieve these objectives and the legal aspects) and a part that translates this project into financial terms.

### I.1. The content of the business plan

The following elements are the content of the business plan:

The Executive summary, creator(s), the project, the technology and its protection, the business model, the means to be implemented, the legal elements, the capital structure, the estimated budget, the future prospects and annexes.

The Business plan is a complete document with a varying volume between 20 and 30 pages and presenting the project and its financial transaction, with 4 objectives:

- Explaining the content of the project, its origin and its future prospects;
- Proving its viability (proof of the concept) and the profitability of the project;
- Attracting future partners (partners, first employees, investors, bankers, suppliers and customers) with an original offer that corresponds to a specific market;
- Convincing them to participate in the project because they will find it financial benefits and others.

#### I.1.1. The context

The Business Plan helps the creator to clarify his ideas as the construction of the project progresses. It is important as a final document but also as a construction process that allows you to take a step back from your idea. It is also the creator's roadmap.

#### I.1.2. Communication

The BP is also a communication tool which provides methods of approach vis-à-vis the partners and potential partners of its future business such as suppliers and bankers and any other partners and therefore allows to "sell" the project.

### I.2: Drafting the BP

A business plan must be well constructed, relevant and mastered to provide undeniable credibility. The drafting must be neat and the document understood by all partners, written in clear and simple language and including elements which are likely to be of interest to all partners. It is focused on: the idea, the creator / team, the potential market, and the business model.

### **I.3. The BP presentation**

There is no universal business plan that works for every project, as it should have several essential elements. The presentation of a business plan begins with a short introduction evoking the fundamental points of the project: what does it consist of? what is the market?

The BP is composed of the following elements: the offer description and its advantages, market, competitors, economic model (or business model), team and financial forecasts. It must demonstrate the company's financial profitability over time and it usually provides annual forecasts for three to five years. Before going into the presentation, it is essential to anticipate the questions that each partner may ask you.

## **CHAPTER II: THE CREATOR**

### **II.1. Know and surround yourself**

1. Entrepreneurs share certain personality traits that determine the success of a business.
2. one is not born an entrepreneur; he/she becomes later.

According to the Vistaprint survey conducted in France among 500 owners of small and micro-businesses, "one becomes an entrepreneur" thanks to his/her background, experience and education, but personality also counts.

### **II.2. Becoming an entrepreneur is also a matter of personality**

3. If experience and education play an important role in embarking on the entrepreneurial adventure, the study reveals that the majority of the entrepreneurs interviewed share certain specific personality traits: independence, being a worker. and trustworthy.
4. 84% of entrepreneurs believe that a certain type of personality is needed to be self-employed.

### **II.3. The scope of the project**

Defining one's project consists in delimiting its scope, that is, to say its positioning in the value chain of the business sector (producer, seller, etc.) in relation to existing offers and the types of customers targeted. Types of projects are for instance: Service projects, commercial projects, high tech projects, start-ups, craft projects, industrial projects, etc.

## **CHAPTER III: DEFINING THE PROJECT**

The third step of BP, the Business Model or economic model is the "heart". Its definition is possible thanks to the market research tool, which is a decision aid. Without carrying out a market study, there is no guarantee of success because market research limits risks and allows decisions to be made regarding the launch. Market research is therefore absolutely essential for the continuation of the project. If the market research is not carried out, the project will have

great difficulty in achieving its sales targets and the external partners will not be interested in the project which they will then consider to be built randomly.

## **CHAPTER IV: BUILDING THE BUSINESS MODEL**

### **IV.1. Minimum Viable Product (MVP)**

The Minimum Viable Product is a product development strategy, used for rapid and quantitative testing of putting a product to the market. It will be presented to the most affected early adopters, and a few experts to gather their opinions and verify the existence of a market for such an offer. The purpose of an MVP is to learn, validate or not the initial assumptions made before launching a product. Acceptance of the MVP will result in further market research. Mixed reviews will lead to an improvement in the project.

### **IV.2. Current market study**

Documentary market study, the first stage of market research, is a structured process that studies the environment, the market and current customer demands, distribution, technology, suppliers and any particular aspect of the market.

### **IV.3. The market documentary study**

It is the analysis of the potential market, the current and future demand, its technological level, the possible suppliers, the distributors, the substitute products existing on the market, the key success factors, and the expected evolution of customers, regulation, distribution and others.

### **IV.4. The study of current competition**

This study identifies direct competitors (those who offer the same offer) and indirect competitors (those who offer that which brings similar satisfaction to the customer) and the causes of their success or their difficulties.

### **IV.5. Validation surveys**

The coherent validation surveys must conduct interviews with future customers. The latter are in fact the only holders of answers as to the feasibility of the project.

### **IV.6. The economic model**

The business model is the very heart of the business plan which proves that the project is viable and can move from a project stage to a business. It allows us to ask the following question: "How can one generate income and profitability from a given idea and with the means envisaged?" It must answer these questions: What are we selling? To whom? With what means? With what competitive advantages? With what marketing strategy? (Offer, price, distribution, pricing, communication), with what mode of generating income? What are the growth levers? What is the impact of time on this business model?

### **IV.7. The estimated sales figures**

Estimating the expected sales figures is essential for the first year. It will then be updated to take into account the first three years of operation of the business (increase in sales from acquired customers and new customers). For more realism, it is interesting to study similar projects (same

company or same geographical location) or to test the project in full-scale if possible, before its launch.

## **CHAPTER V: ENSURING PROTECTION**

- Intellectual protection includes industrial property (IP) and literary and artistic property (PL). The PL covers intangible assets, i.e. the assets of the company.
- Fourth step of the business plan, **the question of intellectual protection** arises, whatever the project is.

**The importance of protection:** to defend against copying, its trademark by means of a license like IBM, Coca Cola, Google, etc. You can protect designs; logos and names of the product or company.

## **CHAPTER VI: DEFINING THE MARKETING STRATEGY**

Fifth step in building the business plan, the marketing strategy is a decision-making step that will make it possible to decline the chosen business model and achieve the turnover objectives.

### **VI.1. Define a coherent mix- marketing**

The marketing strategy is designed precisely for the first year of operation and is considered globally for the following two years. These elements are grouped together in a document: the marketing plan or “mix- marketing”. For a product, the plan has “4P” and it becomes “7P” for services.

### **VI.2. numbering the cost of the mix- marketing**

After having defined the mix- marketing, it is possible to quantify the cost of the actions to be implemented. These figures will then be reintegrated into the company's investments and external expenses and will determine whether the company will generate a profit or a loss.

### **VI.3. Physical evidence: evidence to convince clients**

This last area corresponds to the evidence used to convince customers (testimonials, customer views, specific mentions on sales pages, etc.). This area is very important for digital business. As part of a service business, companies need digital evidence to convince customers.

## **CHAPTER VII: CHOOSING THE MEANS TO BE IMPLEMENTED**

The Sixth step in the construction of the BP is the organization of the means to be implemented. It is based on the results of studies carried out previously and on the chosen launch business model.

The organization of resources is a stage of planning and scheduling the various elements and means necessary to implement the project as planned. These means have a cost and will have to be funded.

### **VII.1. Human resources**

Your business requires a certain number of people. You must therefore define the tasks necessary for the life of the company and decide whether it is necessary to hire staff for each position, taking into account their profile. It is also necessary to draw up a diagram of your company which clearly specifies the functions of each person.

The company also needs production equipment and tools; management resources and equipment; goods and raw materials; human resources; the houses, the residents; staff and sales resources.

### **VII.2. Retroplanning**

Retroplanning is in a way a forecast of the structured steps to lead to the completion of a task or a project. The notions of deadline and workflow, also in all the tasks you have to manage, are particularly linked to the principles of establishing the retroplanning.

### **VII.3. The Third Places**

The third place is a term referring to social environments as opposed to the two spaces of the home and the workplace in the employee's company.

These physical or virtual spaces for meetings between people and various skills that are not necessarily intended to intersect allow mutual aid, emulation, creativity and co-creation to energize the territories. The goal is to break the isolation of creators, discuss and share spaces, services and tools.

## **CHAPTER VIII: CHOOSING THE LEGAL STATUS**

Choosing status gives a legal framework to the activity which itself refers to a certain number of obligations (legal, fiscal, accounting) and advantages.

There is no such thing as an ideal legal status. The choice of status is a personal choice and depends on many factors such as the ambition and aspirations of the creator for his future business, but also his age, his family and patrimonial situation, the social regime from which he / she wishes to benefit, the capital required to start up and the number of people with whom he / she sets up the business.

### **VIII.1. The IS tax system (tax on the companies)**

The tax calculation is made on the basis of the profits made by the LLC and taxation is concentrated at the level of the company and not at that of the partners, the latter being taxed individually upon receipt of dividends and / or remuneration.

### **VIII.2. The IR tax system (Income tax)**

The SARL (EURL in its one-person form) is the form of company most commonly chosen by business creators in France. It is sometimes possible to choose the tax regime; here's what you need to know about tax regimes for this type of business for anyone looking to get started.

The partnership regime is an interesting option, on a temporary basis, in certain contexts:

- When the LLC does not generate a profit: The partners can deduct their share of the loss in their personal tax return.
- When the profit generated is low: Taxation is then reduced to a minimum, which is not the case with the tax cost for taxation under the CIT.

A single-member SARL (EURL) is subject to specific regulations in terms of the taxation of profits. In Burundi, we speak of SU (unipersonal company).

### **VIII.3. SARL and EURL**

Personal business creation projects opt for the status of one-person limited liability company (EURL). All other projects, with a minimum of two partners, can opt for the status of a limited liability company (SARL). These statutes have the advantage of protecting the creator who is only responsible within the limit of his contributions.

The objective here is to equip itself with a corporate legal framework that ensures the best operating conditions for the business (simplicity) and allows it to develop, while best protecting the creator. Its liability, except for exceptions related to management errors, is limited to the amount of its contributions.

### **VIII.4. The SA, SAS and SASU**

In the case of certain activities, particularly for export or in relation to abroad or for capitalistically important projects (innovative, technological projects), the status of public limited company (SA) is to be preferred. For projects where there are many shareholders with necessary rounds of tables (innovative technological projects), greater freedom may be desired in the mode of operation of the simplified joint stock company (SAS) or SASU if the creator is alone.

### **VIII.5. The shareholders' agreement**

The agreement is a confidential legal document which lays down the rules related to relations between shareholders.

### **VIII.6. The EIRL**

If you wish to exercise an individual professional activity (in your own name), you must declare whether you choose the EIRL or the individual entrepreneur regime. The EIRL statute allows, in the event of bankruptcy, to protect your personal assets which are separated from your professional assets.

In Burundi, we speak of cooperative society, one-person company, limited liability company and anonymous company.

## **CHAPTER IX: CARRYING OUT THE FORMALITIES BEFORE STARTING**

### **IX.1. The search for a company name and a business name**

The name of the company, also called "trade name", will identify your activity. You can, if you wish, use your patronymic name (example: Dupond perfumery).

### **IX.2. Personal insurance**

The company is subject to a contractual and legal framework which imposes certain obligations in terms of social protection (example: retirement, provident fund) with regard to its employees.

## **CHAPTER X: LOOKING FOR AID AND SUBSIDIES**

The generic term "aid" covers different realities: advice, accommodation, reductions in charges and taxes, subsidies. They are national, international or local. These are, for example: state aid; aid from local authorities; business creation competitions; banks, etc.

Aid: advice and support: a project leader cannot start alone without help. Conversely, he should not be exempt and waste time looking for the right contacts for the type, level and duration of the help desired and adapted to his needs (long support, accommodation, one-off advice). Among these interlocutors, some are paying and others are free.

### **X.1. Financial and tax assistance**

A project leader can rarely start alone without financial assistance, with the exception of certain service projects. The capital required to start is different from the share capital required to file the articles of association. It is not very easy to get help. To get aid, investors and bankers ask for proof in the business plan.

The state and local communities offer financial aid in different ways in order to promote the creation of activities and jobs.

## **CHAPTER XI: GETTING FUNDS**

After defining the business model and organizing the start of the activity, the question of starting the activity arises. Having visibility of the different funding methods is crucial. Sources of funding are: the creator or the team of designers; family and relatives; crowdfunding (donation or reward with counterpart, loan –crowdlending - or capital contribution - crowdfunding); business angels contribute their time, knowledge and network in addition to funds; associations of equity investors and the bank.

### **XI.1. Knowing how to talk to your banker**

Bankers are not as bad as you think. But to get credit, you first need to know how to approach them.

To know how to speak with your banker, a golden rule: maintain a regular relationship with him. It is essential to make the banker your ally and therefore to establish a win-win climate.

The objective is to understand how the banker analyzes the loan application and to prepare to present the file to the banker. The use of bank loans to finance the long-term needs of the company (fixed assets) and not the short needs (working capital) is a necessity for companies.

## **CHAPTER XII: CALCULATING THE PROVISIONAL BUDGET**

This is a financial table grouping together all the expenses (or “charges”) and receipts (or “products”) related to your project for the current or future year. The year concerned is called “fiscal year”.

Establishing the provisional budget means anticipating all the expenses and income related to your activity over a financial year.

The provisional budget allows the business manager to anticipate his sales objectives, and to quantify the purchases and other expenses which result from them.

The entrepreneur must not: overestimate the turnover; underestimate variable costs; underestimate the fixed costs. It must also assess overheads, financial costs (to finance inventories and accounts receivable);

### **XII.1. The investment plan**

An investment constitutes a long-term immobilization of financial resources; they can be tangible fixed assets (land, construction, production equipment, , works / fittings, vehicles, office furniture, etc.) or intangible (registration fees, lawyers' fees, notaries, etc.) experts, trademark registration, start-up advertising, internet, business assets, etc.).

### **XII.2. Amortizations**

The role of amortization is to record the irreversible amortization of an asset, its “consumption”. Amortization is an accounting term that defines the loss in value of a company’s capital asset, due to wear and tear or obsolescence. The depreciation allowance depends on the normal period of use of the asset, set in the General Accounting Plan (between 5 and 10 years depending on the asset, in general.

### **XII.3. External charges**

External charges group together a set of accounts used in accounting to present the details of charges and expenses incurred by a company other than salaries, taxes and costs of sales. External charges are an important item in the income statement. These are the costs that the company exposes to produce and sell, but also to maintain its production apparatus.

### **XII.4. Cash flow**

The cash flow table lists all the cash receipts and disbursements planned during the year, breaking them down month by month. Cash flow is all the mobilized financial resources available to the company at a given time. Cash management is fundamental for any business, regardless of size, status, or industry. It is the available cash that makes it possible to pay the expenses of the company: salaries, suppliers, etc. and save money. In order to validate the relevance of your cash flow

forecasts, we also recommend that you regularly compare your forecasts with what has really been achieved.

## **XII.5. WCR / Cash flow requirement**

Working Capital Requirement (WCR) represents the amount of money a business needs to cover its cash flow mismatches between receipts and disbursements (called the operating cycle).

### **XII.5.1. customer debts**

Customer debts represent all amounts owed to the company as a result of the sale of products or services that have not been paid in cash. It is "the money sleeping outside." Too much debts can hinder the development of the company, and can generate a growth crisis.

### **XII.5.2. 5 good practices to improve your cash management**

Since the cash flow is a very important part of running a business, we have decided to provide you with a list of the main commandments that can help you manage your cash flow better: Projections; cash flow monitoring; charge on time and balance inventory and anticipate problems.

## **XII.6. Financing plan**

A financing plan is a document that presents the financial needs of a business at its beginning then over several years and the financial resources allocated in return.

A balanced financing plan is a guarantee of success. This is why we must identify all the financial resources necessary to finance the establishment costs, the purchase of fixed assets and the working capital requirement which is used to finance the first months of the activity.

- 1) Financial aspects: the financing plan therefore makes it possible to precisely measure the amount of resources required for the main expenses of the company.
- 2) Distribution of profits: in the event of a distribution of profits, the latter are shared in proportion to the participation in the capital.

## **XII.7. The balance sheet**

The balance sheet is an image of the company at a certain point in time: at the end of the financial year.

### **XII.7.1. State of heritage**

The balance sheet is part of the tax package that the company must submit to the tax authorities each year. It is a legal obligation. But it is also a management tool that allows the creator of the company to understand the structure and development of his company and to position it in relation to its competitors, in particular through the provisional balance sheet. This balance sheet enables strategic decisions to be made for the future of the company.

## **XII.8. The income statement**

The income statement is an accounting document presenting all of the income and expenses of a company during an accounting year. Like the balance sheet and the appendices, it is part of the financial statements of companies.

### **The S F C (Self-financing capacity)**

It is the self-financing capacity of the company before the distribution of dividends. In the case of a positive S F C, decide whether to use this capacity to finance the expansion of the business or distribute dividends or both.

**Profitability** is the ratio between an income obtained or expected and the resources used to obtain it. Net financial profitability is equal to the net cash flow.

## **XII.9. Profitable level**

The purpose of calculating the break-even point is to calculate for each year the minimum amount of sales that will cover the costs (variable and fixed) of the business. It makes it possible to measure the risk rate of being in deficit.

## **XII.10. Development tools**

When we talk about development, we often think of the economic development of a business. However, this is a broader subject that also encompasses human resource management and employment, investment in real estate through the acquisition of new premises or production sites, etc.

## **XII.11. International development**

International development requires significant investments and poses new risks to the company. More than a challenge, international development is fast becoming a priority for many companies. Indeed, faced with the sometimes atrocious competition in the countries of origin and faced with the unstable economic context and unpredictable, omnipresent and threatening competition, many internationalization strategies are delayed or even aborted: if growing globalization is no longer reserved only for large groups, it nevertheless remains a source of apprehension for SMEs and mid-cap companies and can lead to many questions. Can we really face competition in other territories / countries? The competitive advantage linked to the economic strategy: concrete financial outcomes International development is a real opportunity for companies, in particular:

- the conquest of new customers but also more broadly, to initiate a profound change in commercial strategy.
- The ability to act to get out of domestic dependence;
- deal effectively with the general saturation of the markets. It is not always easy to stay competitive in the face of too small or stagnant markets.
- Creating new ancillary commercial networks in areas where development is booming is an opportunity to nimbly counter competition, while getting closer to key local partners.

## **CHAPTER XIII: THINKING ABOUT DEVELOPMENT**

"If you can't do big things, do small things big." Napoleon Hill, American author. Depending on the context, it has to determine its areas of development. It must also find the means enabling it to achieve its objectives. For that, it must put in place a strategy. Here is a file that presents the different business strategies that can be implemented. To develop and be sustainable, the company requires more efficient and sophisticated organizational resources; even if they should be kept as simple as possible and consistent with the type and nature of the company's business. The development of a business is a pivotal phase for every entrepreneur.

### **Development tools**

Your HR team, having good ideas is the easiest aspect of the process to achieve, the difficulty is more often in confirming whether this idea has real potential or not, in ensuring that a documentation process and monitoring the development of said idea is in place to take action and realize them. However, the individual is a whole, and any personal benefit has a mechanical impact on his work environment, with his colleagues. Marketing and, more broadly, the development of a business are not exact sciences.