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Author(s)	David Hourihan, David Hourihan, David Hourihan and David Hourihan
ORCID	https://orcid.org/0000-0003-1405-3130 ; https://orcid.org/0000-0003-1405-3130 ; https://orcid.org/0000-0003-1405-3130 ; https://orcid.org/0000-0003-1405-3130
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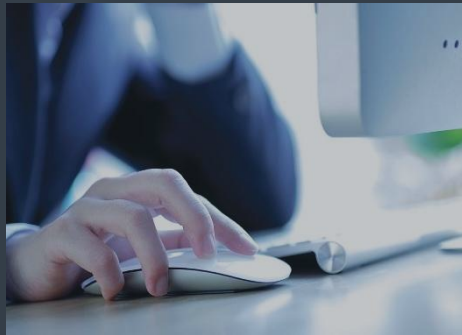
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BUSINESS PLANNING



16 January 2020

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Contents

1. What is Business Planning?
2. What is a Business Plan?
3. Legislation
4. Human Resources
5. Data Management
6. Administration
7. Meaning of Working Capital, Stock, Debtors and Creditors
8. Health & Safety
9. Equality
10. Types of Business
11. Types of Business Plan
12. Short Term Strategies
13. Market Analysis
14. Five Year Business Plan
15. Strategic Objectives
16. SWOT Analysis
17. Exercise: 30 Minutes
18. Exercise and Typical interview questions

BUSINESS PLANNING

Mandatory Competency

Level 1

The RICS defines it as:

Demonstrate knowledge and understanding of how business planning activities contribute to the achievement of your corporate objectives

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Session Objectives

- Explain typical business planning activities.
- Explain how business planning activities contribute to the achievement of corporate objectives.
- Identify the key elements of a business plan.
- Explain your own company's business plan.

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What is Business Planning?

The process of determining a commercial enterprise's objectives, strategies and projected actions in order to promote its survival and development within a given timeframe.

Business planning typically has two key aspects, one focused on **making profits** and the other focused on **dealing with risks** that might negatively impact the business.

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What is a Business Plan?

A **business plan** is a formal written (usually) document containing:

- business goals/objectives,
- the methods for attaining those goals/objectives and
- the time frame within which these goals/objectives need to be achieved.

It also describes:

- the nature of the business,
- background information on the organization,
- the organization's financial projections, and
- the strategies it intends to implement to achieve the stated targets.

In its entirety, this document serves as a **road map** that provides direction to the business.

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Legislation

Legislation relating to running a business generically will include the following areas of law:

- Employment law
- Consumer rights
- Competition law

More importantly Employment law will include:

- Minimum wage
- Leave
- Redundancy
- Pensions

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Legislation (contd.)

Prominent precepts include:

- The Companies Act of 2006
- The Employment Rights Act of 1996
- The National Minimum Wage Act of 1998
- National Minimum Wage Regulations of 2013
- Working Time Regulations of 1998
- The Equality Act 2010
- The Health and Safety at Work etc. Act of 1974

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Legislation (contd.)

More specifically construction companies are required to abide by the following acts of parliament:

- The Health and Safety at Work etc. Act of 1974 and secondary legislation referred to as 'Regulations' which are matters enforced by the Health and Safety Executive (HSE).
- The Local Democracy Economic Development and Construction Act of 2009 ('the 2009 Act').
- The Construction (Design and Management) Regulations 2015 (CDM 2015).
- The Building Act of 1984 and the associated Building Regulations.
- The Data Protection Act of 1998 and subsequent GDPR Regulations (General Data Protection Regulation).

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Human Resources

The management of human resources for a business includes the following typical functions:

- Conducting job analysis.
- Planning the needs of personnel.
- Recruiting the right people for the job.
- Personnel training.
- Managing wages and salaries.
- Providing benefits and incentives.
- Resolving disputes.
- Maintaining communication with all employees at all levels.

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Data Management

GDPR – how does it affect surveying practices?

In summary:

You must have knowledge of the data you store and process, its geography (where it resides), security usage and composition:

- Is it personal, prohibited, client-related or employee-related?
- How is it captured - is it permitted by law and by the client?

You must be able to provide information on how the data is used and on the rights of individuals regarding their data.

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Data Management

GDPR – how does it affect surveying practices? (cont'd)

You must be able to demonstrate that you are managing personal data in a manner compliant with the regulations and be able to supply, on request, the details of the data you hold and how it has been used.

You have to be able to delete every instance of an individual's data in compliance with the right to be forgotten (including data held in backups)

You must offer this data in a format that allows portability to other data processors should the need arise.

You must report a breach of the regulations immediately.

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Administration

Business administration includes the performance or management of business operations. Including decision making and the efficient organisation of people and other resources, to direct activities towards common goals and objectives.

Business administration includes:

- Overseeing and supervising business operations.
- Implementing and managing business accounting procedures.
- Providing sources of finance for the business.
- Management of marketing for the business.
- Personnel management of human resources.

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Meaning of Working Capital, Stock, Debtors and Creditors

Working Capital

The capital used in day to day trading defined as current assets minus current liabilities.

Stock

The capital raised by a company or corporation through the issue and subscription of shares.

Debtors

An individual or company that owes money to the company.

Creditor

An individual or company to whom the company owes money.

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Health and Safety

Every work activity involved in business operations are governed by the **Health and Safety at Work etc. Act of 1974**. The Act sets out the general duties which employers have towards employees and members of the public, and employees have to themselves and to each other.

These duties are qualified in the Act by the principle of '*so far as is reasonably practicable*', which excludes the use of safety measures which would be grossly disproportionate to the risk.

The Management of Health and Safety at Work Regulations 1999 generally make more explicit what employers are required to do to manage health and safety under the Health and Safety at Work Act.

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Health and Safety (contd.)

The Health and Safety Executive (HSE) leaflet '**Five steps to risk assessment**' provides the following guidance advising that employers need to:

1. Implement health and safety measures identified by a risk assessment.
2. Appoint a competent person to help implement the measures.
3. Set up emergency procedures.
4. Provide clear information and training to employees.
5. Work together with other employers sharing the same workplace.

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Equality

Equality is about ensuring that every individual has an equal opportunity to make the most of their lives and talents. Believing that no one should have poorer life chances because of where, what or whom they were born, what they believe, or whether they have a disability. The principles of equality recognise that historically, certain groups of people with particular characteristics e.g. race, disability, sex and sexuality, have experienced discrimination.

The Equality Act of 2010 was brought in to consolidate and harmonise all previous acts relating to protected characteristics which include: pay, sex discrimination, race, disability, religion, sexual orientation and age.

Equality in the workplace takes on the same meaning as it does in everyday life.

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Types of business

A **partnership** is a relatively simple and flexible way for two or more people to own and run a business. Each partner is 'jointly and severally' liable for the partnership's debts that is each partner is liable for their share of the partnership debts as well as being liable for all the debts.

A **limited company** is a type of business structure that has been incorporated into Companies House as a legal 'person'. It is completely separate from its owners, it can enter into contracts in its own name and is responsible for its own actions, finances and liabilities. The liability of members or subscribers of the company is limited to what they have invested or guaranteed to the company.

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Types of business (contd.)

A **limited liability partnership (LLP)** is a partnership in which some or all partners (depending on the jurisdiction) have limited liabilities.

Each partner is not responsible or liable for another partner's misconduct or negligence.

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Business Plans – can be:

Short Term

Daily, weekly, monthly – can be used in running the business day to day. It can manage individual projects, **set targets**, monitor cash flow, monitor key financial data including debt, income etc.

Medium Term

Yearly – reviewing clients and markets, reacting to circumstances, reviewing staff needs/research and investment directions etc.

Long Term

5 yearly – strategic, setting objectives, obtaining finance, etc.

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Different Types of Business Plan

A **Financial Plan** - which is a budget projected per month for the next 12 months.

A **Marketing Plan** - which is what drives your Financial Plan.

An **Operations Plan** - which describes how you will carry out the company objectives.

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Short term strategies

A smaller, intermediate milestone to achieve when moving towards an important goal. Many businesses will set a short term objective for their staff in order to assist them in moving gradually towards the company's longer term goals.

A short term goal is a goal that can be achieved in 12 months or less. For example:

- Undertake specialised training.
- Enter a particular market.
- Target a new potential client / customer.
- Research and adopt short term accountancy strategies.
- Research and apply for grant funding.

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Market Analysis

A market analysis is a **quantitative** and **qualitative** assessment of a market.

It looks into the size of the market both in volume and value, the various customer segments and buying patterns, the competition and the economic environment in terms of barriers to entry and regulation.

Market analysis can also be an **introspective business review** as follows:

- What do our customers think about our competitors.
- Why do potential customers choose our competitors.
- What do our customers think about us.
- How can we create innovative products / services in a competitive market.

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Five Year Business Plan – the “Traditional” Business Plan

A business plan outlines the business strategy and what you need to do to achieve the business goals. It helps to consider options, identifying the best opportunities and how to make the most of them. A five year business plan is used particularly to convince and obtain financial support from banks, investors and other key support contacts.

The narrative should include the following:

- **Strategic plan:** Vision and goals to reach business objectives.
- **Executive Summary:** Outlines goals, objectives, strategies and the business expertise to be used in achieving these.
- **Management Team:** A resume of the company's management talent including any 'outsourced' functions.

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Five Year Business Plan (contd.)

- **Products or Services:** Describe the products or services offered by the business and why the products or services are currently viable and how the business will react to future market changes.
- **Financial Projections:** Create financial projections for the next five years including income statements, balance sheets and cash flow estimates. The financial projections compare income with expenditure over a five year period showing the constituent parts of both income and expenditure.

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Strategic Objectives

The following are examples of strategic objectives for business:

- Grow shareholder value.
- Increase revenue.
- Manage costs.
- Maintain profitability.
- Increase share of the market.
- Focus on research and development.
- Invest in staff training.
- Reduce waste.
- Improve and maintain workplace safety.

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SWOT Analysis

Strengths, Weaknesses, Opportunities, Threats (SWOT)

Strengths and Weaknesses

These are internal factors, which in business context may include financial resources, human resources, facilities, equipment, processes and systems. What constitutes a strength or weakness will depend on the business objective being considered.

Opportunities and Threats

The external elements influencing a business may include market trends, outside funding, customer demographics, supply chain, the economic climate, political and environmental issues.

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Exercise

Spend approximately 20 mins playing and 10 mins of debate

- <https://www.youtube.com/watch?v=FloGLHT4wGE> – What is a Business Plan
- <https://www.youtube.com/watch?v=1ML2i4pUwiM> – What is a Business Plan
- <https://www.youtube.com/watch?v=tEK9MiYAuWQ> – How to write a business plan
- <https://www.youtube.com/watch?v=YxE3vG5p2Uk> - Three major benefits

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Exercise and Typical interview questions:

Remember Level 1 – Knowledge and understanding.

1. What is Business Planning?
2. What is the purpose of a Business Plan?
3. What are the different types of Business Plan?
4. What is included in a Business Plan, what are the key elements?
5. Give an example of legislation that governs business?
6. How is Health and Safety regulated in business?
7. What is Equality?
8. What do you understand by Market Analysis?
9. What is a SWOT analysis?

BUSINESS PLANNING

1. What is business planning?

The process of determining a commercial enterprise's objectives, strategies and projected actions in order to promote its survival and development within a given timeframe

2. What is the purpose of a Business Plan?

To set business goals/objectives, the methods for attaining those goals/objectives and the time frame within which those goals/objectives need to be achieved. It also describes the nature of the business, gives background information on the organization, the organization's financial projections, and the strategies it intends to implement to achieve the stated targets. In its entirety, this serves as a road map that provides direction to the business.

3. What are the different types of Business Plan?

Financial, Marketing and Operations, or all three, which can be short, medium or long term strategic.

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4. What is included in a Business Plan, what are the key elements?

Strategic Plan, Executive Summary, Management Team, Products/Services and Financial projections.

5. Give an example of legislation that governs business?

The Companies Act of 2006; The Employment Rights Act of 1996; The National Minimum Wage Act of 1998; National Minimum Wage Regulations of 2013; Working Time Regulations of 1998; The Equality Act 2010; The Health and Safety at Work etc. Act of 1974; GDPR;

6. How is Health and Safety regulated in business?

Health and Safety at Work etc. Act of 1974 and the The Management of Health and Safety at Work Regulations 1999

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7. What is Equality?

Equality is about ensuring that every individual has an equal opportunity to make the most of their lives and talents.

8. What do you understand by Market Analysis?

A market analysis is a quantitative and qualitative assessment of a market. It looks into the size of the market both in volume and value, the various customer segments and buying patterns, the competition and the economic environment in terms of barriers to entry and regulation.

9. What is a SWOT analysis?

Strengths and Weaknesses (internal factors) and Opportunities and Threats (external influences).

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Thank you !