

Constraints that can  
impact on the  
successful  
implementation of a  
business plan f...



There are several constraints that can affect how well a business plan is implemented. The constraints that may affect the implantation of a successful business plan are; \* Legal\* Financial\* Social\* Environmental\* Technological\* CompetitiveLegalWhen a business is setting up a business plan it has to abide by laws to ensure that the business will not face any legal action against it. Legal changes can happen all the time over the course of a business's running.

Legal changes can force the business to change the way a business operates and can have an impact on how employees have to set up rules to ensure the safety of its employees. Changes to tax laws and minimum wage can have an impact on the finance of a business. The categories that legislation changes fall into areHealth and safetyHealth and safety can look at aspects of how the business is protected against fire and precautions that are taken for various dangers. Examples of laws that may affect these rules are food hygiene, environmental health - weights and measures. Employment lawEmployment laws can change the way that businesses are allowed to hire employees and regulations that they must follow to ensure that employees are chosen fairly.

Examples of laws that will have to be followed in these cases are Minimum wage laws and contracts of employment. Read questiona aboutConsumer ProtectionThis looks at how information is kept about customers, when a customer makes a purchase with the business; the business has to ensure it has the consumer's permission to keep the data. This data has to be kept securely within the business. Examples of laws that will have to be followed

in these cases are data protection, trade description and sale and supply of services act.

Eu Law Eu law will have to be taken into consideration by a business when trading with other countries and shipping out packages. Social Within society there are many changing trends and fashions, these will have to be looked at and planned for variances when producing the business plan. Market trends often change and the sales of your product of service can and will change depending on these. Effective business's will adapt to these ever changing markets and will find ways to ensure that their sales are not affected during these market variances. Pressure groups can always have an effect on how well the business does, pressure groups may be concerned with recycling and healthy eating and finding a way to satisfy these pressure groups whilst keeping costs low will help the business gain profit as well as holding a good reputation. Government may also direct pressure at your business's if you are in such areas as the tobacco industry or fast food market.

These type of industries may be linked to health problems and will often be taxed leading to a decline in profits. Businesses will have to take stakeholders i. e. anyone with an interest in their business into account, these stakeholders will often pressure the business and can effect the reputation of the business in a good or bad way depending on how the business looks after these stakeholders. Business suppliers can also vary on the basis of the businesses mission statement and objectives.

Businesses should take into account whether they are going to choose their suppliers because they are cheap or because they are environmentally

sound and treat employees well. Reputation and costs will change with this judgement in choosing suppliers. Business's will often have to look at they way they market their products in accordance with the publics financial constraints. A business may wish to sell their product as being economically sound or as a luxury product as they have discovered that members of the public have the wealth to purchase them.

FinancialTo implement a business plan with success having enough money to back up the business plans is essential in order to get your business off the ground. There are many things that can be considered as collateral, assets such as your house and car can be used as the backup strength behind your loan. Banks are more likely to provide loan services to someone who has a good credit history. Funding may not just come from external sources, funding could also come from your own savings and inheritance, this type of finance providing may be a lot safer than taking out a loan as you do not stand to lose personal assets, as you are not in debt to a bank. As part of a successful business plan, considering financial implications is vital.

Looking at finance required for the start-up cost will enable you to judge how much money you are going to need for start up and running costs, a business should then consider the profit it could potentially make and then decide accurately well they are likely to succeed. If you are taking out loans for your business and gaining finance that has to be paid back you should work out when this money is going to be coming out of your business, your revenue should be able to cover this and before implementing your business plan you should be certain that you can afford to pay these costs. Cash flow problems may be caused by lack of interest and custom in you products, this <https://assignbuster.com/constraints-that-can-impact-on-the-successful-implementation-of-a-business-plan-flashcard/>

can be a major problem for any business as it can lead to poor credit ratings and increased interests on the company's debts. EnvironmentalIn today's society one huge and controversial problem that has had a lot of media coverage is environmental changes. For many business's this has become a new selling point for their products, and for others they have found it difficult to cope with pressures from local environmental organisations who are demanding attempts to help the environment.

It is widely realised that in today's society a company's display of care for the environment is a great selling point to customers. Companies who are seen to cause harm to the environment in some ways generally gain a lot of negative media attention which can lead to harm in sales and profits. A business will have to decide weather they want to focus their company image on being friendly to the environment and encouraging recycling or not having pro active efforts to upkeep the environment. If a company uses recycled and environmentally friendly materials it can lead to an increase in costs. TechnologicalWith the development of use of computers and technology in society the business world is ever changing and adapting to meet these changes. If a company is always aiming to be at the top of the market they will have to keep investing in the new technology to ensure they can constantly keep making top quality products.

When a company adapts to these changes in technology competitors will often have to follow the trends to ensure their business does not fall behind. Technological advances are also changing the way custom is made, many customers now opt to use the internet to buy any products as it is an easier and more convenient way to shop, in many cases the internet is also  
<https://assignbuster.com/constraints-that-can-impact-on-the-successful-implementation-of-a-business-plan-flashcard/>

cheaper. Business's have adapted to this change by creating websites to visit and purchase items from. CompetitiveWhen setting up a business it is unlikely that you are going to have a product or service that does not already exist. When there are existing similar products to your own this is called competition.

Competitors will always have an effect on how much profit your business makes. When marketing your product you must ensure that you are showing how it is better than competitors in the sense of value for money and quality.