

**Business Plan Formulation:
Managerial Issues in Strategic Business Planning**

Muhammad Solleh Bin Ramli

**Bachelor of Surveying (Hons.) (Property Management)
University Teknologi Malaysia
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ABSTRACT

Malaysia's current economic situation has led to major corporate restructuring and organizational consolidations for many major companies as well as small and medium sized industries. These firms have to grow to take advantage of new market opportunities while at the same time fine-tune their management strategies and practices. One of the management strategies available for steering these firms is formal business planning. The importance of planning to performance is a central feature in the entrepreneurship and strategic management literature. The business plan is regarded as an essential element of a successful start-up process. Business plan is an on-going planning effort that is considered vital to continued success.

However, empirical investigations have generally been unable to find a strong link between business planning and performance. An effective business plan will convince the investor that the person who produces the plan has actually identified a high growth opportunity, that he has the entrepreneurial and management talent to effectively exploit the opportunity and possesses a rational, coherent and believable program for doing so. An effective business plan can also be used as a reliable source document when seeking for funds from venture capitalists and financial institutions. This study was conducted in response to the above arguments, and tried to determine any relationship between business planning and performance. The probable important factors that constitute a formal business plan were also determined and justified.

This study has shown that there exists a tenuous relationship between formal business planning and performance.