

# The Role of Business Planning on the Sustainability, Competitiveness and Development of SMEs in Cameroon

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## Introduction

While Henry Mintzberg sees planning as a strategy of analysis and synthesis, which often leads to business failure, (Drucker, 2005) sees strategic planning as a continuous process of making business decisions and quantifying the results of those decisions against forecasts. Although strategic planning is often neglected by many entrepreneurs today, it is essential to the success of a business because poor managerial choices due to the absence of strategic planning have an impact on the management, organization, efficiency, and profits of the business, knowing that while studies show that the personal values of a leader as a factor of business performance, his or her strategic vision and decision-making ability are also determinant, (JLArrègle and Mari, 2010). According to figures from the National Institute of Statistics (INS), around one in three businesses disappears before its fifth year of existence. Although several factors are at the root of this failure, including access to credit, the business environment, and difficulties in accessing international standards, among others, we are going to focus and shed more light on the role of business planning in the development, sustainability, and competitiveness of businesses in Cameroon by drawing on a critical analysis based on empirical shreds of evidence.

Business Planning Opportunities for SME Development and Sustainability in Cameroon.

Planning is an essential tool in developing a viable strategy

to ensure a company's long-term sustainability. Planning for a business means carrying out a strategic analysis to assess its internal and external environment, as well as identifying resources and monitoring implementation.

In Cameroon, the private sector environment is constantly changing and entrepreneurs are taking significant risks to meet the many challenges they face. While some have succeeded, others have failed just a few years after opening their respective businesses. According to the National Institute of Statistics of Cameroon, (INS, 2009-2016), 36% of Cameroonian businesses disappear before their fifth year of existence. This situation is generally due to a poor approach to effective business planning and management.

Within an enterprise, planning is a vital issue because of its impact on the overall strategy of the business and its people. In other words, it is the foundation on which the implementation of long-term objectives and the realization of strategic projects are built. Effective planning also enables us to anticipate future challenges and adapt quickly to changes in the market. We can attest to the fact that a lack of planning has direct repercussions on the organization of teams, the quality of tasks carried out and, as a result, the profitability of projects and the company as a whole. The consequences of inadequate planning are felt at every level of the company, from operational management to customer satisfaction. This can lead to a loss of competitiveness and a decline in overall performance. In an environment as hostile to business planning as that of Cameroon, however, business planning also offers numerous strategic opportunities for Cameroonian entrepreneurs, as it does everywhere else, and



provides solutions to the strategic factors hindering the development and sustainability of SMEs in Cameroon. It is therefore essential to highlight in more detail the various solutions and opportunities that business planning brings to the entrepreneurial environment in Cameroon.

An efficient planning helps identify the ideal customer, his preferences, and the marketing strategy that will enable him to be reached. This leads to the development of the enterprise and, consequently, to the development of the entrepreneurial spirit in Cameroon. If we begin from the principle that the creation of an enterprise results from the identification of a particular problem in society to which a solution must be found, then planning helps identify the purpose and objectives of the business.

Considering that funding is the third factor negatively affecting the growth of the entrepreneurial ecosystem in Cameroon, planning provides an effective remedy since it may produce financial strategies that enable businesses to obtain funding. The planning process determines the company's performance and profitability as well as its solvency rate and actual financing needs, which have a significant influence on its growth and longevity.

The development of entrepreneurship in Cameroon also

depends on the existence of a market for entrepreneurs' products. Business planning makes it possible not only to establish an objective and realistic business model, commonly known as a business economic plan but also to make decisions about competitors, strategic positioning, the production of new products on the market, and overall market access.

As we said so well above, the business environment in Cameroon is very uncertain and generates a lot of risks for entrepreneurs. Business planning makes it possible to put in place strategies to deal with the different risks that may arise.

## Challenges of Business Planning in Cameroon

Several efforts have been made by the Cameroonian government and financial institutions to democratize access to business planning in Cameroon: the structuring of business incubation centers through [N°2020/0301/PM of 22 January 2020](#) laying down the terms and conditions for carrying out the missions of small and medium-sized business incubation structures, and the requirement for business plans as part of the business financing process by

financial institutions. However, according to a study carried out by [HBR France\(2017\)](#), the majority of businesses do not have a strategic plan for the development and sustainability of their business, even if they say they have one, which in Cameroon is a major challenge for the development of entrepreneurship.

## Some Reasons why SMEs do not Plan their Activities

In Cameroon, several factors interfere with business development planning and the definition of their activities:

**Weak Technical Capacity:** Cameroon's SMEs suffer not only from a lack of human resources within their structures with technical capacity in business planning but also from the fact that promoters are not technically equipped in this area.

**Difficult Access to Entrepreneurship Support Institutions:** Despite the existence of several entrepreneurship institutes in the country, it is still difficult for entrepreneurs to access them. This is due to the limited number of institutes, the cost, and the communication around the existence of these institutes, which pushes companies to fall back, for the most part, on consultancy firms.

**The High Cost of Consultancy Services for Sntrepreneurs new to Business Planning:** The services marketed by consultancy firms in Cameroon are not within the reach of all entrepreneurs. For example, producing a business plan can cost an average of CFAF 150,000 for an informal sector business and CFAF 500,000 for a formal sector business, ([Djondey Consulting Firm](#)).

There is a problem of communication around the importance of business planning and the structures that provide low-cost support: Cameroonian businesses do not have access

to a great deal of information. For example, they don't know that there are not-for-profit organizations that offer companies free support to consolidate the development of the Cameroonian economy.

## Conclusion

This article aims to analyze the vital role of business planning in the competitiveness, sustainability, and development of enterprises in Cameroon. Business planning based on credible empirical findings from international and local institutions, the article highlights the need for the Cameroonian government to develop adequate means to improve on the entrepreneurs' access to business planning through the democratization of training institutions for entrepreneurs and the provision of assistance to consulting firms to facilitate entrepreneurs' access to business consulting services at a relatively lower cost. The popularisation of business planning in Cameroon's SMEs will enable the creation of a strong, competitive, and robust private sector, which is essential for economic development in the country. It should be noted that there are several consultancy firms in Cameroon, such as AFC CONSULTING, Baker Tilly International, ACCOUNTING & BUSINESS SOLUTIONS 360, ACE CONSULTING LLC, Audit & Financial Consultants, BO CONSULTING SARL, to name but a few.



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