



Business plan guide

Investor's business plan will allow BDC to make a final determination on what type of assistance is most beneficial to their business. The following information should be included:

1. **Project description.**

Executive summary of the project, highlighting salient features of the project, project cost, financing breakdown and state clearly amount required from BDC.

State objective(s) of the project clearly.

Background information about the sponsors including financial standing, reason for coming to BDC, technical qualifications, familiarity with the project, and management skills.

2. **TECHNICAL FEASIBILITY STUDY**

Sources of Supply:

Suppliers: source countries, supply routes, methods of transport and alternatives for each of the following:

- Raw materials and other manufacturing inputs
- Capital equipment
- Maintenance of that equipment
- Essential spares
- Other stocks to be held or a stockpile to be built up

Growth Plan:

A tabular presentation and time series analysis of the following:

- PERT analysis or Gantt charts
- An estimate of asset life/technological obsolescence expected
- Equipment replacement schedule
- Employment (numbers of employees over the next five)
- Staff training

Technical Risk Factors:

Where considered necessary, an environmental impact assessment study may be required.

Where considered necessary, a social-impact assessment study may be required.

The proposal should discuss the completion risk, technological risk, and obsolescence risk.

Production and Process:

A brief description covering capacity, appropriate equipment, and rationale for its choice, and the proposed production management techniques should be provided.

Describe the process giving a bird's-eye view from start to finished goods. Mention the various inputs including labour in the various categories.

Cost per citizen job should be noted.

Production risks should be considered and discussed.



Management:

Who are the managers, their competence?
Organization chart to be included.

Linkages:

Describe all forward and backward linkages that the project will have on the economy.

3. Financial Feasibility Study

Part of the financial feasibility study commentary should feed into a financial model presented to BDC in excel format (modelling the cash flow statement, income statement and statement of financial position) with assumptions used outlined. This should cover the following areas;

Market Assessment:

State the estimated size of the market and expected market share. (Credible source of the market information must be demonstrated)

State the estimated market growth over the next five years.

List the specific competitive advantages and product uniqueness.

Sales forecast for each product for the next five years.

List the assumptions made in arriving at the forecasts and the marketing methods.

Discuss marketing risks.

Capital Costs and Financing Plan:

Stated capital costs should be substantiated ideally by three (3) quotations from suppliers

Capital equipment required for the forecast sales.

List the installation/start-up or one-time costs.

Product development costs on an on-going basis.

Personnel and training costs.

Operating costs summarized into fixed and variable costs.

Assumptions relating to total working capital requirements.

Detail the financing plan including peak working capital requirements.

Financial Assessment:

Up to ten-year cash flow (depending on the tenure of the facility) and project evaluation using at least one of the following methods:

Payback period

Discounted cash flows/net present value

Internal rate of return

Expected rate of return or yield

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Funding/sources of finance:

List sources, alternatives and loan types

Expected interest rate

Detail loan repayment period for each loan type

Grace period for each loan type

State owner's contribution (guided by the risk profile of the business with a given 15% minimum)

Asset life for each type of asset:

- Depreciation rates
- Expected salvage values
- Asset replacement, timing and expected costs

Cost Benefit Analysis:

A full Cost/Benefit Analysis separately detailing the following:

- Quantitative benefits.
- Qualitative benefits including social impact, environmental impact, and any specific national interest.

Sensitivity Analysis:

Break even in terms of both sales (units/revenue) and production (units/revenue)

Sensitivity analysis should be performed on key performance arrears of the project plans i.e. the effect of a 10% and 25%

- increase/decrease in volumes
- increase/decrease in costs

Divestment:

State divestment period and conditions.

Economic Analysis:

Calculate the economic rate of return and compare with financial return.

4. Implementation Schedule

Present a bar chart showing the various stages of progress and completion of the following activities:

- Legal requirements: contracts, deeds, royalties, licenses
- Planning permissions
- Financing
- Construction
- Administrative issues
- Technical matters

5. Risk Analysis

Carry out a detailed risk analysis.

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Technical Risk Analysis:

State the sources of supply & how secure these supplies are.

The level of risk in the various sources of supply: Geographical area (war zone, earthquake zone etc.)

Level of reserves, A five-year growth plan for the project;

Any environmental impact/effect and associated costs

Any social impact/effect and associated costs

Financial Risk Analysis:

Keep in mind that much of the detailed analysis is in Section 3 above. This summary is included for the sake of completeness of the risk analysis.

- Cost summary
- Cost benefit analysis summary
- Sensitivity analysis summary

Other External Factors:

Political/economic, particularly in surrounding countries and trade partners

Trade barriers

Tariff and protocol agreements such as SACU, PTA, GATT, AGOA

Discuss the possibilities of the occurrence of natural disasters in areas of high geographical risk.

Quotas, duties and taxes

Environmental consideration:

Assess impact on the environment

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