INTRODUCTION TO BUSINESS PLANNING.

June 2011
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1 INTRODUCTION.

The Business Plan is a useful and versatile tool. It is a guide that can also be described as the businessman’s best friend. In today’s global and highly competitive business environment, enterprises, whether large or small, cannot hope to compete and grow without proper planning.

1.1 WHY DO YOU NEED A BUSINESS PLAN?
You may need a Business Plan for a number of reasons. Here are the most important:
- If you are starting a new project or venture
- If you are looking for a business partner
- If you require finance, government or EU grants and incentives
- To manage your business better
- To measure actual performance compared to what was planned

1.2 WHAT CAN A BUSINESS PLAN DO FOR YOU?
A good Business Plan can be useful to you in a number of ways. It can:
- Help highlight aspects of the business that need special consideration
- Help identify your core competencies (what you can do best) and weaknesses
- Help identify weaknesses and threats to the business
- Open your eyes to new opportunities
- Help you understand your competitors
- Help you plan your operational setup better
- Help you use your financial resources more efficiently and ultimately more profitably
- Assist your management capabilities in relation to specific tasks and functions as well as bring awareness to human resources and capacity needs

1.3 HOW WILL THIS HANDBOOK HELP YOU?
This Handbook is intended to answer the following basic questions in a simple and practical manner:
- What is a Business Plan?
- How does it help you to achieve your goals?
- What are the thinking processes you have to go through?
- What value does it have for you as a manager or as an entrepreneur starting up a new business?
- How is it prepared?

1.4 THE BUSINESS PLAN BELONGS TO YOU
Remember, nobody knows your business as well as you do. Knowing what you are capable of, and where you want to be in the future, is the essence of a good Business Plan. With these two points in mind, all you need to do is develop the right strategies to achieve your goals.
2 THE MALTA ENTERPRISE BUSINESS PLANNING PHILOSOPHY.

Business Planning is fundamental to Malta Enterprise’s mission in assisting Maltese enterprises to start up, restructure and grow to become more competitive in line with Malta’s economic policy. Before we proceed to explain what a business plan is, it would be useful to eliminate some common misconceptions and explain what a business plan is not.

2.1 What a Business Plan is not
Contrary to what some may think, a business plan is not:

- A set of financial projections
- An application for financial assistance
- A guaranteed formula for success

Malta Enterprise sees the Business Plan as a thinking process performed by the enterprise for the enterprise itself. Every start-up enterprise needs to go through a thorough thinking process in order to come up with viable options and strategies that will strengthen its present position and facilitate its future development. Finally, the thinking process should culminate in a set of measures for the implementation of these strategies. This implementation plan is generally referred to as the milestone schedule.

2.2 What a Business Plan is
Malta Enterprise sees the Business Plan as a thinking process performed by the enterprise for the enterprise itself. Every start-up enterprise needs to go through a thorough thinking process in order to come up with viable options and strategies that will strengthen its present position and facilitate its future development. Finally, the thinking process should culminate in a set of measures for the implementation of these strategies. This implementation plan is generally referred to as the milestone schedule.

2.3 Identifying your needs
The milestone schedule referred to in 2.2 above should form both the starting and concluding point of your planning process. In the first instance, well before you start writing the plan, you should make a list of all the things that you could possibly need in order to make your business a success.

Once you have gone through the business planning process you will be in a much better position to identify and prioritize your needs in line with the realities of your business venture.

2.4 The thinking process
All entrepreneurs think about their business. In fact, most businessmen do nothing else but brood and worry about problems and challenges that are the daily companions of every entrepreneur. To think about your business is not enough. It is important to think in a logical and structured manner, looking at every aspect of your business (both internal and external) in a systematic, objective and analytical way. This is what we mean by the thinking process.
A good thinking process should lead to good Business Planning where sensible decisions are based on reliable information and not on ‘gut feeling’. This handbook is intended to guide you through your thinking process in a structured manner putting all the issues that you need to consider in a logical order.

2.5 SUCCESS OR FAILURE

Often, the cause of failure is that entrepreneurs do not anticipate simple factors that could easily have been foreseen had they taken the time and trouble to go through a logical thinking process. The process of formulating a business plan helps scrutinize, in a formal way, basic matters that need clarification, such as:

- Gut feelings and ideas
- Assumptions that have not been verified
- Calculations made without full knowledge of underlying principles e.g. tax rates and bank interest charges
- Regulations and legislation that could affect you
- External dynamics such as political changes and new technology that could have implications for your business

Scrutiny within a broader plan can help identify weak points early enough to make positive changes and / or adapt plans accordingly.
3 THE BUSINESS PLAN FORMAT.

In reality there is no standard format for the presentation of a good business plan. Business plans vary in content and size according to the nature and size of the business concerned and on the emphasis that is placed on certain critical areas as opposed to others.

3.1 The Contents
Every business plan should address a number of fundamental issues without which it would not be complete. These issues can be grouped under six major areas that are the pillars of every business activity whether large or small. The six major areas are:

- Sales and Marketing
- Operations
- Human resources
- Finance
- Technology and ITC
- Management Information

3.2 Useful Points
Table A lists the important elements of a business plan and offers some simple points that need to be taken into consideration in regard to each section. It is worth noting that these points are by no means exhaustive and are meant to serve only as examples. The table is intended to provide you with a simple framework/format upon which to base your business plan.

3.3 A simple format
The format provides you with a framework for presenting your thoughts, ideas and strategies in a logical, consistent and coherent manner. In other words the business plan format helps you to clarify your own ideas and present them clearly to others.

3.4 Table A - Essential contents of a Business Plan
The various sections are explained in detail in section 4 of this manual.

<table>
<thead>
<tr>
<th>CONTENTS</th>
<th>USEFUL POINTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. EXECUTIVE SUMMARY</td>
<td>• Highlight the attractions of your business.</td>
</tr>
<tr>
<td>This section is a brief overview</td>
<td>• Show that your plan is well researched with figures to back up your forecasts.</td>
</tr>
<tr>
<td>of the whole Business Plan.</td>
<td>• Demonstrate your management ability.</td>
</tr>
<tr>
<td></td>
<td>• Show that your product has a market.</td>
</tr>
<tr>
<td>2. ENTERPRISE DESCRIPTION</td>
<td>• Provide an overview of your business idea.</td>
</tr>
<tr>
<td></td>
<td>• State why you chose to go into this particular</td>
</tr>
</tbody>
</table>
It is important that you demonstrate a clear understanding of the business you would like to be in.

You should also explain your business concept and the reasons why you think it will be a success.

3. PRODUCT OR SERVICE DESCRIPTION

This section helps you to think about your product or service which reflects on your ability to understand and cater for your clients' expectations.

- Describe your range of products or services.
- Mention plans for new additions to your range.
- Speak about innovative ideas.
- What value would the clients place on your products?
- What will your clients expect from your product?
- **Example**: Quality, Design, Reliability, Innovation, Reasonable Price, Customer Care

4. INDUSTRY ANALYSIS

This section helps you to understand the industrial environment you intend to be working in and through it you can identify important changes that are likely to take place in your market.

- How big is your sector?
- How many companies operate this sector?
- What are the general trends?
- How is your industry changing?
- How will these changes affect you?
- Are you aware of legislation and/or regulations that could affect your business?
- Have you thought about any other changes - political, economical or technological - that could affect your business?

5. COMPETITION ANALYSIS

In order to compete successfully in any business you need to know your competitors. It is useful to study how and why they achieve success. Also you need to be aware of their failures to avoid committing the same errors.

- Who are your competitors? (local and foreign)
- What are their strengths and weaknesses?
- How can you be different?
- How can you become more competitive?

6. SWOT ANALYSIS

**S** = Strengths

**W** = Weaknesses

**INTERNAL**

- What are your strengths?
This section enables you to look closely at the internal strengths and weaknesses of your business, and to identify external threats and potential opportunities.

### 7. MARKETING SUB-PLAN

It is no use having the greatest product in the world if you cannot sell it.

This section focuses on your potential customers and allows you to see whether your products can satisfy their needs.

- What are your weaknesses?
- What are the opportunities?
- What are the threats?

- Is the market STATIC, GROWING or DECLINING?
- What market segment/s do you wish to operate in?
- Who are your target clients?
- Do you have niche or mass market products?
- What is your pricing policy?
- How do you compare with the competition?
- How do you intend to sell your product?
- Where do you intend to sell your product?

### 8. OPERATIONS SUB-PLAN

This section helps you to look at your internal operations in detail to see if your business can be run efficiently and effectively. It draws attention to your team and allows you to develop strategies for good and effective management.

- How strong are your management systems?
  - general management
  - marketing management
  - financial management
- How will you ensure an efficient production system?
- Have you thought about quality certification?
- How important are health & safety standards for your product?
- Do you intend to invest in product development?
- Will you invest in new or second hand equipment?
- Has consideration been given to whether the equipment is manufactured in the EU or non EU?

### 9. HUMAN RESOURCES SUB-PLAN

People are the greatest resource of any business.

- Describe your management structure
venture. This section focuses your attention on your work force, their training needs as well as their material needs in terms of health & safety, professional development, job satisfaction and remuneration.

10. **THE BUDGET**

The budget provides the financial planning detail for every aspect of the business e.g. employee costs, rent, IT investments, machinery costs, sales value, direct material costs, shipping and freight charges, etc. The ultimate target that should result from the budget is the budgeted net profit. It is a key tool for operating the business, and by facilitating comparison of actual performance versus budgeted performance, it highlights the operating VARIANCES to management.

The budgeted net profit, after taxation, when expressed as a percentage of the net investment in the business, gives the Return On Investment - ROI - the single most important piece of financial data and the reason for being in business in the first place.

<table>
<thead>
<tr>
<th>10. THE BUDGET</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>What technical skills will your employees have?</strong></td>
</tr>
<tr>
<td><strong>Do you need to invest in training?</strong></td>
</tr>
<tr>
<td><strong>How will you motivate your workforce?</strong></td>
</tr>
<tr>
<td><strong>How will you monitor their performance?</strong></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>11. LIQUIDITY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>How will you go about setting up the budget?</strong></td>
</tr>
<tr>
<td><strong>How often will you review actual performance against budget?</strong></td>
</tr>
<tr>
<td><strong>How will you carry out the task of looking into the reasons for the variances and taking corrective action?</strong></td>
</tr>
<tr>
<td><strong>On what basis will you set the ROI that you wish the business to give you?</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>11. LIQUIDITY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>How will you keep control of your cash flow?</strong></td>
</tr>
<tr>
<td><strong>How will you finance the changes you may need to make in your business?</strong></td>
</tr>
</tbody>
</table>

Liquidity is fundamental to every business in relation to being able to trade and meet obligations.

Management monitors the risks in liquidity by tracking cash movements with a Cash Flow Forecast ensuring adequate cash or facilities to raise money to carry out the business.
### 12. FINANCIAL SUB-PLAN

Business is all about the management of products, services and money. To enable management to do their job, the tool they need is management information.

Information relating to business performance is transmitted via **management accounts**. These are therefore a very powerful and essential reporting mechanism requiring high priority attention. Successful businessmen understand how money works but need to have the information to support the decision making.

- Keep management accounts and produce them with regular frequency.
- Will you provide the resource to develop the contents of the management accounts to provide quality information, both within the business and with external information that would best assist and support management to do their job efficiently?

### 13. SELECTED OPTIONS AND CRITICAL MEASURES

Following a careful analysis of your business you should now be in a position to make a list of logical options open to you.

Once the options have been identified, you should be in a position to list a number of critical measures that need to be implemented in line with the options you have selected.

As a result of the analysis carried out in the preceding sections make a list of the critical measures you need to carry out. **Example:**

- Look into energy savings efficiencies on machinery
- Apply for ISO certification
- Invest in training for management
- Invest in training for employees
- Employ new staff
- Carry out market research
- Invest in Information Technology Systems
- Seek new premises
- Seek foreign partners
- Look for new market segments
- Others

### 14. MILESTONE SCHEDULE

This is a list of all the critical measures that are mentioned in the Business Plan. When implemented, the measures in the milestone schedule will help your enterprise become more efficient.

Once you have identified the **critical measures**, you should plan their implementation.

- List all the important critical measures.
- List the time frames for the implementation of each critical measure.
- Estimate the cost of implementation of each critical measure.
3.5 KEEPING IT SIMPLE

The Malta Enterprise Business Plan format is simple and easy to follow. It is designed as a guide to help you understand your business better. It helps you to analyse your strengths and weaknesses, and makes you think about your goals. It also helps you to develop the right strategies in order to achieve your goals.

Remember:

- Business planning involves a thinking process. It is not how much you write but what you write that matters.

- Each section of the business plan is directly linked to the others and cannot be viewed in isolation. Thus, for example, you cannot speak of marketing strategies without considering their implications on your human resources, operational and financial requirements.

- Every decision you take in one area of your business has a direct bearing on all others.
Business planning can be a highly beneficial exercise for the entrepreneur. In order to derive the desired benefits from business planning it is important to take full ownership of the process, and make it your own from beginning to end. While this does not mean that you should not seek professional advice when needed, you should be careful, not to commit the common mistake of asking others to write the plan for you or being influenced by unqualified opinions even if well intentioned.

4.1 EXECUTIVE SUMMARY
The Executive Summary is a brief overview of the whole business plan. Here are some simple hints to help you build your Executive Summary:

- Description of Business: Provide some information about the product or service you wish to offer.
- The Market: What markets do you intend to target?
- Growth Potential: What is the potential for your business? [What do you hope to achieve in one to three years’ time?]
- Sales & Profit Forecast: Give a summary of the sales and profit forecast figures (for the next three years).
- Financial Requirements: How much money would you require:
  - To start the business.
  - To sustain your business during the first three years.
- Utilisation of Finances: What will the loan/overdraft/investment be used for?
- Where will you source your funding from: Loan, Bank Overdraft, Personal funds?
- Repayment of Loans: How long do you expect the loan repayment period to be?
- List of Critical Issues for the Success of the Project: Present a list of the critical success factors most likely to affect your project.
- Assistance required: What assistance would you require to help you launch your project?

Remember:
- To highlight the attractions of your business — (you have to get the reader’s interest).
- To show that your plan is well researched with figures to back up your forecasts.
- To demonstrate your management ability.
- To show that your product has a market.
4.2 ENTERPRISE DESCRIPTION
Here are some simple hints to help you in this section:

- Provide an overview of your business idea
- What inspired you to choose this line of business?
- What personal qualities and experience will you invest in the business?
- In what way is your concept innovative? What are you offering that other businesses do not offer already?
- Do you believe there is a real need for your product or service?
- Where do you see your business in the medium and long term?

Remember:
- Show a clear understanding of the business you want to be in
- Describe what market needs your business will be fulfilling
- Explain why you believe your business will prove successful

4.3 PRODUCT OR SERVICE DESCRIPTION
Here are some simple hints to help you in this section:

- Provide a detailed description of your product or service.
- What innovative features does your product or service offer?
- How does your product or service distinguish itself from other products or services already existing on the market?
- Can you list three unique selling points offered by your product or service?
- How will your product or service satisfy client needs and expectations?

Remember:
- Bring out what is special about your product/service
- Show how your product or service satisfies client needs and expectations
4.4 INDUSTRY ANALYSIS

Here are some simple hints to help you in this section:

- How big is the sector you will be operating in?
- How many companies already operate in this sector?
- What are the general sector trends? Is it growing, static or slowing down?
- Can you perceive any important changes in this sector?
- How can these changes affect your business?
- Are you aware of any political, regulatory, social, environmental or technological changes that could seriously affect your business in the medium or long term?
- How desirable do you consider this sector to be for new, local entrants and from other EU areas?

Remember:

Before you embark on any project it is important that you understand the environment you will be working in and can identify any important changes that are taking place, or that are likely to happen in the near future. A clear understanding of your industrial environment could make all the difference between success and failure for your business.

4.5 COMPETITION ANALYSIS

Here are some simple hints to help you in this section:

- Who are your most important competitors?
- What are their main strengths and weaknesses?
- How can you be different?
- How can your product or service be more competitive?
- What are your competitors’ pricing policies? How do these affect your sales strategies?
- Can you list your main competitors and their estimated market share?

Example:

<table>
<thead>
<tr>
<th>COMPETITORS</th>
<th>MARKET SHARE %</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td></td>
</tr>
<tr>
<td>B</td>
<td></td>
</tr>
<tr>
<td>C</td>
<td></td>
</tr>
</tbody>
</table>
**4.6 SWOT ANALYSIS**

<table>
<thead>
<tr>
<th>STRENGTHS</th>
<th>OPPORTUNITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Provide a list of your core competencies that give your product or service certain advantages.</strong></td>
<td><strong>Given the right conditions, which business opportunities can you identify for growth and greater profitability?</strong></td>
</tr>
<tr>
<td>Example:</td>
<td>Example:</td>
</tr>
<tr>
<td>• High quality</td>
<td>• New markets</td>
</tr>
<tr>
<td>• Competitive pricing</td>
<td>• Export potential</td>
</tr>
<tr>
<td>• Customer Care</td>
<td>• Joint Venture proposal</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>WEAKNESSES</th>
<th>THREATS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Given the necessary resources, which areas of your business would you need to improve?</strong></td>
<td><strong>Think about possible factors which could adversely affect your business in the future.</strong></td>
</tr>
<tr>
<td>Example:</td>
<td>Example:</td>
</tr>
<tr>
<td>• Lack of funds</td>
<td>• Imported products</td>
</tr>
<tr>
<td>• Lack of management skills</td>
<td>• New entrants</td>
</tr>
<tr>
<td>• Unskilled workforce</td>
<td>• Political / Economic changes</td>
</tr>
</tbody>
</table>

**Remember:**
- The SWOT analysis is a very important element of your Business Plan. It enables you to look at your internal strengths and weaknesses and at your external opportunities and threats.
- It is sufficient if you list these in point form; but it would be helpful for you if you could analyze each point in further detail.

In order to compete successfully in business it is important for you to know about your competitors, their strengths and their weaknesses and to learn from these observations. You also need to be aware of failures so that you can avoid committing the same errors.
4.7 MARKETING AND SALES SUB-PLAN
The following questions are designed to guide your thinking and planning process.

4.7.1 THE PRODUCT OR SERVICE (WHAT YOU WANT TO SELL)
- List three important features that make your product or service worth having. *Example*: design, functionality, reliability.
- List three features where you think your product or service could be improved.
- Can you list three major competitors that offer similar products or services to yours? Can you identify differences between your product and theirs?
- In what aspects can your product or service be described as innovative?
- What image do you want to project with your product or service?
- Do you have any plans to add more products or services to your current portfolio?

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Remember:
- If you cannot sell your product you have no business.
- Show that you have a thorough understanding of your clients and market.
- The marketing sub-plan is all about understanding what you want to sell and planning to whom, where and how to sell it.

4.7.2 THE CUSTOMER (WHOM YOU WISH TO SELL TO)
- Will your business depend on one main customer or will you sell to a wide variety of customers?
- If you plan to sell to a wide variety of customers, list five types of customers that are likely to buy your product or service.
- Do you plan to have a uniform approach to all customer groups or will you vary your strategies accordingly?
- What measures will you employ to identify customer requirements with regard to your product or service?
- How do you plan to collect customer feedback in order to ensure that your product or service has a high degree of customer satisfaction?

4.7.3 THE PLACE (WHERE YOU SELL YOUR PRODUCT)
- Where do you plan to sell your product or service?
  - Directly from the factory
  - From a showroom
  - E-Commerce
  - Other (give details)
• How easy will it be for your customers to gain access to your products or services? Give details.
• If you feel that customers will find it difficult to access your products, can you suggest ways of improving the situation?
• Mention three ways in which your competitors facilitate access to their products or services for their customers.
• How do you plan to get the product to the market?
  o Distribute the product yourself?
  o Employ full/part-time salesmen?
  o Enter into a distribution agreement with third parties?
  o Online sales

4.7.4 THE METHOD (HOW YOU ADVERTISE AND SELL YOUR PRODUCT)

• What methods of advertising do you intend to use for your product or service?
  o Newspapers and magazines
  o Television
  o Radio
  o Sponsorships
  o Internet (websites, e-newsletters, search engine optimization)
  o Other (please specify)

• If you intend to use any of the media mentioned above, which do you rate as the most effective and why?
• How do your competitors advertise their products? Do you think their methods are effective?
• How will you price your products? Explain the reasons behind your pricing strategies.
• How will your prices compare with those of your competitors?
• Do you intend to give your customers credit? Explain the reasons behind your decision.

4.8 OPERATIONS SUB-PLAN

Here are some simple hints to help you in this section:

• Do you already have business premises or are you planning to buy/lease/rent them in the near future?
• Give details of your business location and premises (if any). Example:

<table>
<thead>
<tr>
<th>Address:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Area in sq. m.:</td>
</tr>
<tr>
<td>Plan:</td>
</tr>
</tbody>
</table>
• How long and how well will the present premises (if any) meet your business needs?
• Are the business premises you have identified easily accessible to your clients?
• Give details of equipment/machinery/vehicles you will require to operate your business. Example:

<table>
<thead>
<tr>
<th>Item and Purpose:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Value/Current Cost:</td>
</tr>
<tr>
<td>Replacement Date:</td>
</tr>
</tbody>
</table>

• Give details of equipment/other items which you plan to acquire or lease in the near future. Example:

<table>
<thead>
<tr>
<th>Item and Purpose:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of Purchase/Rental:</td>
</tr>
<tr>
<td>Supplier Credit Term in Days:</td>
</tr>
</tbody>
</table>

• Make up a list of your main suppliers and their credit terms. Example:

<table>
<thead>
<tr>
<th>Suppliers</th>
<th>Credit Terms</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td></td>
</tr>
<tr>
<td>B</td>
<td></td>
</tr>
</tbody>
</table>

• Remember:
  • Give details of your business location and say whether it is suitable or not for your product or service.
  • Show how you plan to cope with the operational side of change and growth in your business.
• Have you thought of other suppliers in case of emergencies?
• Do you intend to operate a quality management system of any sort? Are you planning to apply for quality certification?
  o What type of quality system?
  o Who will take charge of implementing it?
  o What are the timings for its introduction?
• How conscious are you of Health and Safety and/or Environmental regulations in your business?

4.9 HUMAN RESOURCES SUB-PLAN

Here are some simple hints to help you in this section:

• Describe your Management Structure [If you do not have a management structure, list those people who can assist you with the running of the business].
• How many people do you plan to employ? [Full Time / Part Time]
• What types of skills and/or experience are you looking for?
• What training will your workforce require to be able to meet your future plans?
• What measures do you plan to adopt to ensure employee loyalty?
• How soon do you think you will need to expand your workforce?
• Have you thought of your own development and that of your management team as your business continues to expand? Do you believe this is necessary?

Remember:

This is a crucial section. The success or failure of your business is dependent on the managerial capabilities of the people running it as well as on the best performance of the workers.

• If you are a sole operator list your qualifications, skills and experience and achievements (if any) in the business you have chosen to operate in.
• If you are going to have other members on your management team, list their qualifications, skills, experience and achievements to date.
• Do not hesitate to list weaknesses in your management team. Show how you propose to overcome them.
• If there are other key people in the business you are proposing, give a summary of their qualifications and experience.
4.10 FINANCIAL SUB-PLAN

Here are some simple hints to help you in this section:

• What is the break-even point of your business? How soon can you reach it?

NOTE: To calculate the break-even point for the whole business or for each product or service, you will need to fully understand the costs of the business. There are two main groups of costs:

  o Direct Costs are generally straightforward to identify as they relate specifically to a product: e.g. labour, material and shipping costs.

  o Indirect costs, for example rent and service charges, will need to be included in the general overheads and a proportion of those general overheads will need to be added to the cost of each product to arrive at its true cost. The principle is that overheads also need to be covered and therefore “the overhead recoupment cost” is an important financial that needs to be kept up to date to make sure that your sales prices cover all the costs of running the business.

• Give amount of overdraft / funds needed as shown in cash flow forecast.
• Can you offer any security to support your financial requirements?
• Over what period will loan/overdraft be repaid and are these repayments included in the cash flow forecast?
• How much do you and your partners plan to invest in the business?
• Do you have access to other sources of funds? Give details if any.
• Do you have any contingency plans if your sales turn out to be lower or the costs higher than your forecast?
• Have you taken account of tax consideration in your calculations?

Remember:

For the purpose of raising a bank loan, banks will generally require a business plan and projections for three years:

• Cash Flow Forecast
• Profit and Loss
• Balance Sheets
4.11 SELECTED OPTIONS AND CRITICAL MEASURES

Now that you have carried out a systematic analysis of your project, you should be in a position to look at your options in a more formal manner. If you have doubts as to how to proceed at this stage, do not worry, this is a natural part of the process. In fact it is considered a very healthy thing to have doubts after having gone through a thorough thinking process about your project.

This is the time when you should consider your options very carefully and seek advice before you jump in at the deep end. Once you have considered your options, you should be in a position to draw up a list of critical measures you need to implement in order to launch your project. These measures should also indicate what kind of assistance (technical and financial) you require to get started.

4.12 MILESTONE SCHEDULE

In the beginning of this manual, you were advised to make a list of all the things that you think would make your business a success, including any ideas that may seem far-fetched. These should form the basis of your Business Planning Process.

At this stage, after having gone through the Business Planning Process, you should be in a much better position to identify and prioritize your needs in line with the realities of your business venture.

Once you have identified the critical measures, you should plan their implementation over a three year period. Base your decisions on the information provided by your Business Plan. When implemented, the critical measures in the milestone schedule will help your enterprise become more competitive.

_The table below_ is an example of what information could be included in a Milestone Schedule. The information given _within_ is by no means exhaustive and it is only meant to serve as an example. It is important however to:

- State the type of assistance required (critical measures mentioned above)
- State the date of implementation of these measures
- State the cost of implementing such measures

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### Remember:

- List all the important critical measures to be implemented
- List the time frames for the implementation of each critical measure
- Estimate the cost of implementation of each critical measure. If there are other key people in the business you are proposing, give a summary of their qualifications and experience
## Milestone Schedule (Example)

<table>
<thead>
<tr>
<th>ASSISTANCE REQUIRED</th>
<th>DATE OF IMPLEMENTATION</th>
<th>COST (€)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPERATIONS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ISO Certification</td>
<td>January - May</td>
<td>10,000</td>
</tr>
<tr>
<td>Health &amp; Safety Standards</td>
<td>February</td>
<td>3,000</td>
</tr>
<tr>
<td>IT Systems</td>
<td>March – April</td>
<td>8,000</td>
</tr>
<tr>
<td>Payroll System</td>
<td>May</td>
<td>3,000</td>
</tr>
<tr>
<td>New Machinery</td>
<td>January</td>
<td>11,000</td>
</tr>
<tr>
<td><strong>HUMAN RESOURCES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consultancy</td>
<td>January - May</td>
<td>5,000</td>
</tr>
<tr>
<td>Employ New Staff</td>
<td>March - May</td>
<td>1,000</td>
</tr>
<tr>
<td>Management Training</td>
<td>September</td>
<td>800</td>
</tr>
<tr>
<td>Overseas Training</td>
<td>February</td>
<td>1,500</td>
</tr>
<tr>
<td></td>
<td>November</td>
<td>2,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1,500</td>
</tr>
<tr>
<td><strong>EXPORT MARKETING</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market Survey</td>
<td>March - July</td>
<td>4,000</td>
</tr>
<tr>
<td>Enhance Product for Export</td>
<td>July - October</td>
<td>4,500</td>
</tr>
<tr>
<td>Promote Product (Abroad)</td>
<td>November</td>
<td>6,000</td>
</tr>
<tr>
<td>Participate in Fairs (Abroad)</td>
<td>May</td>
<td>2,500</td>
</tr>
</tbody>
</table>

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