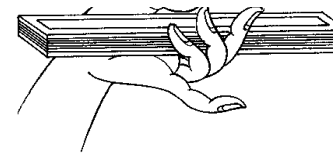


The Loden Foundation



A Guideline for business planning

This guideline document is prepared to assist aspiring entrepreneurs (beginners) to prepare an appropriate business plan by referring to this skeleton guideline but without necessarily having to follow it “to the letter” as business plans generally vary depending on the type and size of the business. This document attempts to provide you general basics although adherence to this guide doesn’t guarantee financial support from Loden or any other sources, it is solely meant to help you with basic structure of the business plan.

1. **Executive Summary**

It is advisable to write an executive summary after the completion of the main business part as it is generally meant to be a comprehensive summary of your business plan. You must include key points from all relevant chapters preferably summarized in not more than 500 words.

2. **About your company**

Under this section, your business plan should clearly articulate visions and missions for you and your company.

Vision: It is about the ideal future state of your company and perhaps what your company wants to achieve. [Example; to become a leading management-training provider in Bhutan]

Mission: Mission is about how you intend to become leading training provider. [Example; to provide a tailored and top quality trainings at a competitive price]

It is equally important to clearly set your business objectives. They can be summarized in one paragraph.

Objective: When writing the objectives, be sure that they are specific, measurable, attainable, and realistic and time bound. [The company will provide two executive trainings and three general trainings every month for at least 150 participants]

2.1 *Key to success*

In this section you need to identify the key success factors your business. What will make your business more likely to succeed than other comparable businesses? What makes your business special? Basically you are expected to highlight the critical factors of your company that would contribute to its success. It could be your unique skills, business opportunities, ideal market, special assistance from the government, product quality etc.

2.2 *SWOT analysis*

In this section, you are advised to state the internal strengths and weaknesses of your company and external opportunities and threats in the market. By identifying your weaknesses, it helps to determine where you need to improve or may need support from external sources. Also, by identifying your strengths, we then know what can be built on to develop the business and ensure success.

3. **Product/service description**

This section describes what products/service you intend to offer to your customers. You should mention the uniqueness of your product/service, potential benefits to the customers, pricing strategy, how is it to be sold etc. This section is expected to give a quick overview of service/product line. You should keep it precise.

4. **Market analysis**

A market analysis of four major elements works well:

- 4.1 Analysis of any political, economic, social, technological and legal factors
- 4.2 Competitors
- 4.3 Target customers
- 4.4 Key suppliers you need to develop relationships with.

5. **Legal requirements**

Often entrepreneurs overlook crucial legal aspects of the business. Under this section, you are expected to mention the type of company ownership such as sole proprietorship, partnership business, private limited company etc. Also the company registration process and requirements, such as the need for any licences, should be featured explicitly, this is the starting point for any venture.

6. **Innovations**

Being innovation is not necessarily about inventing new things perhaps it about how you do things differently to suit to changing market. It can be through creating dynamic products or improving existing services

7. Marketing and promotional strategy

From our experience over several years; many Bhutanese entrepreneurs pay far too little attention to marketing their ventures. You may have brilliant services or products to offer to the market but without a good marketing strategy, your service/products may remain dormant. Marketing can be broadly summarised into three categories

- 10.1 Marketing and promotional aspects
- 10.2 Marketing communications
- 10.3 Distribution strategies

8. Operational plan

This section will vary depending on your business, however you are expected to set out specifics, such as manufacturing processes, sourcing of raw materials, machinery and equipment and how you intend to take your products to the customers. .

9. Organizational structure

This section is about explaining what your company is going to look like in terms of structure and most importantly the responsibilities of your employees and in particular, highlighting your own role. Highlight number of employees, describe their roles, skills required etc and any difficulties you think you may in finding suitable people

10. Growth strategies

How do you plan to grow your company sustainably? It can be through continued innovation, value addition, product development, market expansion, diversification of your product or service etc.

11. Risks and assumptions

Many entrepreneurs find it difficult to assess risk and make key assumptions. It is important carefully to consider the potential risks that could impact your business and make assumptions so that you are well prepared to overcome drawbacks or take informed decisions quickly. Risk factors could be in terms of political instability, taxation, import ban, change in regulations, lack of financial support, lack of skilled labour, response from your competitors etc.

12. Financial planning

You should be able to provide your investor with at least the following financial forecasts:

12.1 Start-up costs

It is crucial for you to be able to project a comprehensive start-up cost but without being too optimistic which is often the case with many entrepreneurs. Seeking more than what you require increases the risk of your liability, you should be realistic but prudent. Start-up cost are generally categorized into two types:

- I) Fixed cost (Rent, equipment etc
- II) Variable cost (wages, cost of inventories, utility bills etc) as you build the business before sales start

12.2 Cash flow statement

Cash flow should be prepared based on your assumptions in terms of outflow and inflow of cash over an accounting period (it should be for a minimum of 12 months but preferably for 24). It reflects how much cash is going to be generated from the sales and expenses incurred in terms of purchasing of asset and stocks etc and making sales. The credit is any you give to customers and can take from your suppliers and the amount of stock you carry will affect your cash flow.

12.3Funding requirement

Under this section, you are expected to state the total budget required to start your project. You may specify the contribution of the owner (if any) and amount that you are trying to raise from other sources (for example Loden Foundation) and any borrowings from banks or family members.

12.3 Break-even analysis

Preparing a break-even analysis helps the entrepreneur and investors to understand the duration required by the company to start generating revenue sufficient to meet all costs. Company achieves break-even when the total revenues equals to total expenses, including the money for neither wages paid to the owner, which mean no profit has been made, nor any losses been incurred.

Note: Make sure you write the name of your company, logo (if you have), location of your company, name of the applicant and your contact details on the cover page of your business plan. Your business plan shouldn't exceed 15 pages (but excluding your financial part which normally comes in excel sheet).