



## Guideline for a Loden Business Plan

This guideline document is prepared to assist aspiring (beginners) and established Bhutanese entrepreneurs in designing 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 with 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 the 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 summarised in 500 words or less.

### 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 what your company wants to achieve. [Example; to become a leading management-training provider in Bhutan]

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

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

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

**Key to success:** In this section, you need to identify the key success factors of 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.



### 3. Product/service description

This section describes what products/services you intend to offer to your customers. You should mention the uniqueness of your product/service, potential benefits to the customers, pricing strategy, how it is to be sold etc. This section is expected to give a quick overview of the 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 innovative is not necessarily about inventing new things; perhaps it is about how you do things differently to suit the 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:

- Marketing and promotional aspects
- Marketing communications
- 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. Organisational 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 the number of employees, describe their roles, skills required etc and any difficulties you think you may have 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 to carefully consider the potential risks that could impact your business and make assumptions so that you are well prepared to overcome drawbacks or make 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, the 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 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 costs are generally categorised into two types:

- I) Fixed cost (Rent, equipment etc.): To ensure accuracy, please include the latest prices for fixed costs in your proposal. Loden will not entertain any price changes referenced from invoice documents over one month.
- 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 assets 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.

## 12.3 Funding 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 the amount that you are trying to raise from other sources (for example, Loden Foundation) and any borrowings from banks or family members.

## 12.4 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. The company achieves break-even when the total revenues are equal to total expenses, including the money for neither wages paid to the owner, which means no profit has been made nor any losses incurred.

**Note:** *Make sure you write the name of your company, logo (if you have one), 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.*

(Excluding your financial part, which normally comes in an Excel sheet).