

# The Fronteira Post

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### The ValueFronteira Business Plan and Feasibility Studies

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#### Introduction

ValueFronteira feasibility studies and business plans serves as a control process for identifying problems and opportunities, determining objectives, describing situations, defining successful outcomes and assessing the range of costs and benefits associated with several alternatives for solving clients' business problems. VF feasibility studies supports the decision making process based on the cost benefit analysis of the business or viability of the project.

Feasibility studies are conducted during the deliberation phase of the business development cycle, prior to commencement of a formal Business Plan. The formal business plan is an analytical tool which includes recommendations and limitations, utilized to assist our clients when determining whether the business concept is viable.

#### The Rationale for a Business Feasibility Study

It is estimated that one out of fifty business plans are commercially viable. Therefore, business feasibility studies are crucial to prevent waste of investment resources. If a project is judged feasible from the results of a study, the next step is to proceed with the full business plan. Insights and information uncovered (through research) during the feasibility study phase will support the business planning phase, and reduce research time and costs required for a business plan. Our thorough viability analysis provides ample information necessary for the business plan. For instance a good market analysis is necessary to determine the business concept's feasibility. This information provides the basis for the market section of our business plan. Our feasibility study contains a clear supporting evidence for its recommendation. The strength of the recommendations is weighed against the study's ability to demonstrate consistency between research analysis and a prepared business model. Our recommendations are usually a mix of numerical data with quantitative, experience – based documentation.

#### Business Plans and Dimensions of Business Viability

Our Business Plans are judged by the credibility and depth of arguments. The findings on the dimension of our business viability model are prepared as formal business reports, where findings are aligned with functional processes of the enterprise in an easily understandable format. The following represents the framework of the dimensions of business viability.

- Business Environment
- Industry

- Technology
- Competition
- Marketing and Sales Strategies
- Management and Personnel Requirements
- Statutory & Regulatory Requirements
- Investment Requirements
- Financial Projections
- Investment Appraisal
- Start-up Schedule

### **Executive Summary**

This part summarizes all the sections of the business plan. It presents brief information on the following:

- Overview of the Proposed Project;
- Demographics of the Proposed Project Location;
- Overview of the Management Plan;
- Market Size;
- Financial Projections;
- Investment Appraisal.

### **Introduction**

- Detailed Description of the Proposed Project;
- Formulation of Business Model showing each area of business lines from which the proposed firm would generate income;
- Description of Proposed Business Location and its History;
- SWOT Analysis of the Proposed Project;
- Critical Success Factors of the Proposed Projects

### **Products and Services**

- Describe the enterprise, products and services and give product mix if the enterprise will initially be focusing on more than one product;
- Describe how customers would use and buy products and services and give enough detail to help our clients to judge the effectiveness of marketing and positioning plans;
- Describe key components of raw materials that will be used in the products, how the enterprise will source them and availability;
- Describe plans to test the product to ensure it works as planned and is sufficiently durable and secure (e.g. consumer product test).

### **Macro environment for business**

- Evaluate macro-economic performance and analyze how its performance would aid or inhibit the operation of the Proposed Project;
- Evaluate the prevailing political atmosphere and analyze how it would promote or inhibit the operations of the Proposed Projects;
- Analyze the Proposed Projects from socio-cultural perspectives;
- Itemize the appropriate regulatory provisions for the establishment of the Proposed Project.

### **Industry**

- This section describes the following:

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- The industry in which the enterprise operates, include the size, growth rate and outlook and the key industry segments and state where enterprise fits in;
- Demand and supply factors and trends;
- Larger forces that drive the market;
- Industry global trends and revenue potential.

### **Technology**

This section presents the detailed description of the following:

- Technology to be deployed;
- Capacities of recommended technologies;
- Special skills requirements for the technology to be deployed;
- Names and addresses of the suppliers of the needed equipment
- Technical information about the product/service;
- Additional/on-going research and development needs.

### **Competitive Strategies**

- Describe direct/indirect competition (as it pertains to the target markets entry);
- Give market share, resources ,products and market focus strategies ,strengths and weaknesses of the key competitors;
- Describe all key barriers to industry entry;
- Describe specific customers' needs and satisfaction for the proposed enterprise's products/services;
- Describe how competitors would most likely react to the enterprise's product/service launch and the proposed enterprise response strategy.

### **Marketing and Sales Strategies**

This section provides information on the following:

- Appropriate marketing and sales strategies;
- Market size and Analysis;
- Any strategic partnership the enterprise could form;
- Distribution strategies (direct sales to customers through sales force, wholesalers, distributors/retailers);
- Appropriate Pricing strategies and its justification;
- Proposed intended payment terms for customers.

### **Management and Personnel Requirements**

- Proposed departments and divisions;
- Key personnel requirements;
- Job description and man-specifications;
- The proposed organizational structure for the enterprise;
- Compensation structure
- Employee performance benchmarks;
- Customers service and support;
- Basic employee control measures;
- Capacity planning and management strategies.

### **Statutory and Regulatory Requirements**

- Company registration requirements;

- Tax registration requirements;
- Relevant union membership registration requirements;
- Special government Incentives and support for the project

### **Investment Requirements**

This section presents information on the following:

- How much funding and equity will the firm need?
- What sources will provide the funding i.e. investors, banks etc?
- What ratio of debt to equity will occur?
- Required fixed assets list and costs;
- Breakdown of core administrative expenses;
- Working capital requirement.

### **Financial Projections**

- Five-Year Projected Profit and Loss Account;
- Five-Year Projected Balance Sheet ;
- Five-Year Projected Cash-Flow
- Investment Appraisal
- Payback & Discounted Payback Period-When will the investors recoup the initial investment;
- Break-even Analysis-When will the business provide return on investment for the owner & or the investors;
- Net Present Value;
- Sensitivity Analysis

### **Start Up Schedule**

We provide information on the major events in the life of the venture by listing the timetable/deadlines for the completion of phases of enterprise start-up.

### **Benefits of Business Plan and Feasibility Studies**

The following are just few benefits a potential entrepreneur stands to gain from business plan development:

#### ***Establishing business milestones***

Our business plan clearly lays out the long-term milestones that are most important to the success of our client's business.

#### ***Determination of financial needs***

Our business plan provides answers to the following questions: Does client's business need to raise capital? How much? It helps our clients determine exactly how much capital they need and what they will use it for. This process is essential for raising and effectively deploying capital.

#### ***Attracting employees and a management team***

A business plan is necessary to attract and retain top quality talent. The business plan inspires employees and management that the idea is sound, and that the business is poised to achieve its strategic goals.

***Positioning of brand***

Creating the business plan helps to define our client's company's role in the marketplace. This allows clients to succinctly describe the business and position the brand to customers, investors, and partners.

***Documenting the revenue model***

This helps provide information and answer questions regarding the profitability of the business.

***Reducing the risk of pursuing the wrong opportunity***

The process of creating the business plan helps to minimize opportunity costs. Writing the business plan helps you assess the attractiveness of this particular opportunity, versus other opportunities.

***Judging the success of your business***

A formal business plan allows you to compare actual operational results versus the business plan itself. This way, it allows you to clearly see whether you have achieved your strategic, financing, and operational goals (and why you have or have not).