

COMMERCIAL BANK OF ETHIOPIA BUSINESS PLAN/FEASIBILITY STUDY FORMAT

The Business Plan should realistically assess the business's potential and take account of both the positive and negative issues that will impact on the business. Ideally, it should be prepared with assistance from a professional, but the strategies and forecasts that are contained in the Plan, must be those of the promoters. The primary purpose of a Business Plan should be to identify the strengths and weaknesses of the business and give a realistic assessment of the most probable performance of the business over the period for which the Plan is drawn up.

Structure of the Business Plan

A typical Business Plan will be prepared under the following general headings:

- 1. Executive Summary;*
- 2. Background and Description of the Business;*
- 3. Organization and Management Plan;*
- 4. Marketing Plan;*
- 5. Production/Service Plan; and*
- 6. Financial Plan.*
- 7. Environmental Impact assessment*
- 8. Socio economic impact assessment*

1. Executive Summary

The executive summary is an overview of the business and of its potential. The executive summary presents the essentials of the Plan in a few short paragraphs, highlighting the following key areas:

- a. A brief description of the business or the project;
- b. A brief profile of the promoters and shareholder of the business; and
- c. An outline of the main expectations of the business/project and the rationale behind the assumptions in the Plan.

2. Background and Description of the Business

- 2.1 The types of product/s to be produced by the business;
- 2.2 The location of the business;
- 2.3 The type of the business;
- 2.4 The recent operational history of the business;
- 2.5 The main long- and short-term goals of the business;
- 2.6 A synopsis of the sector in which the company is/will be trading and qualify with any industry statistics; and
- 2.7 The purpose of the establishment of the business.

3. Organization and Management Plan

- 3.1 A brief outline of the key managerial personnel and their roles, responsibilities, experiences and educational qualifications;
- 3.2 Details of advisers, financial, legal, technical assistance, if required;

3.3 Any training requirement and how it will be addressed;

3.4 Organizational structure;

4. Marketing Plan

4.1 The current market size, growth rate, current market share (for existing businesses), main competitors and their market shares. The planned market share of the business;

4.2 Identify the potential customer base. Details of purchase commitments from customers;

4.3 The competitive strategy to lure customers from competitors and the competitive advantage;

4.4 Comparison and contrast with competitors in terms of price, quality, distribution and current market share.

4.5 Barriers to the market, if any;

4.6 The Main details of the business-marketing plan, including the promotional activities, advertising, marketing budget, etc.;

4.7 Sales forecast and the assumptions on which the forecast is based.

4.8 Projected sales prices of products/services as well as comparison and contrast with competitors; and

4.9 Details of sales personnel and method of remuneration, etc.

5. Production Plan

- 5.1 Description of the products/services proposed. Describe the main features and benefits of each product/service;
- 5.2 Differences from competitor products/services;
- 5.3 Full details of the production process and of the machinery/equipment required. Include comments on capacity, life expectancy and maintenance of machinery. Source of machinery (include costing/invoices from suppliers);
- 5.4 Comment on the workforce. (i.e. availability, skills requirement, projected wages, supervision, training required, etc);
- 5.5 Comments on the production system. Layout of premises;
- 5.6 State the capacity utilization plan;
- 5.7 A breakdown of production costs (labor, raw materials, general overheads, etc);
- 5.8 Total costs, cost structure, and costs per item, etc.;
- 5.9 Source of raw materials and prices thereof. Availability of alternative suppliers;
- 5.10 Delivery methods of finished goods to the customers; and
- 5.11 Stock management system and expected stockholding costs.

6. Financial Plan

- 6.1 A breakdown of the total investment required for the project/business, under separate headings.
- 6.2 A breakdown of the financial structure to be introduced under the separate headings of promoter's contribution, bank finance and other borrowings.
- 6.3 Availability of contingency financing.

6.4 Other loan commitments of the company and/or the promoters.

6.5 The loan requirement in respect of;

- The total amount required;
- The collateral offered;
- Term required;
- Repayment ability and
- Loan repayment schedule.

6.6 The financial plan will include a projected profit and loss account, the balance sheet of the business/project for at least the loan repayment period. It should include the following:

- i. Projected profit margins (gross, operating and net);
- ii. Projected sales figures and growth rates;
- iii. Projected working capital requirements;
- iv. Repayment terms given to customers and management of collection from debtors. Payment terms with suppliers. Stock management system;
- v. Method of depreciation to be used;
- vi. The break-even level of sales;
- vii. Expected return on investment, internal rate of return, net present value;
- viii. Sensitivity analysis;
- ix. The cash flow; and
- x. The overall feasibility of the project and the supervision and measurement of the business plan against actual performance figures.

6. *Environmental Impact assessment*
Certificate from the concerned organ

7. *Socio economic impact assessment*
Impact on Employment opportunity

Impact on Foreign currency (FCY)