

Guide to Developing **BUSINESS PLANS** for Large Projects

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WHITEPAPER

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Why you need an Business Plan for your Large Project

Introduction

Planning is one of the most important parts of running a business. A business plan is similar to a business model, the latter is a representation of how an existing business works, while the former shows how a prospective business will work hence its importance. A proper business plan is therefore needed for the success of large projects for the following reasons:

- 1. Clarification of direction:** Clarifying the purpose and direction of your business allows you to understand what needs to be done for forward movement.
- 2. Attract financing:** It also demonstrates that the project is a good investment deal. It includes value-enhancing milestones and a realistic valuation that will enable investors to achieve their target return on investment.

Why you need an Business Plan for your Large Project

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Introduction

- 3. Dealing with Professionals:** Business plans can be shared with professionals (attorneys, accountants and consultants)
- 4. Manage Project:** It acts as a management tool that can be referred to regularly to ensure the project is on course with meeting goals, targets or operational milestones.
- 5. Setting Objectives for Managers:** Good management requires setting specific objectives and then tracking and following up. This is made possible and easier with business plans.

What is Special about Project Finance Business Plan

Introduction

Before embarking on a major project, a financial plan is required. A Project Finance Business Plan identifies all of the costs associated with the project. These costs are then tailored to fit within the financial resources available for the project. While a Business Plan focuses on the feasibility of a project, a Project Finance Business Plan focuses on the finance of the project.

What is the appropriate capital structure? Which financing instruments make more sense? What are the pros and cons of public and private sources of capital? How much should the firm depend on the domestic capital market? To select a particular source of finance, it will depend on the policy of the organization as well as government policy.

How is the Business Plan for Large Projects Organized?

The Project Finance Business Plan Format

The Business Plan must be clear, concise and compelling to:

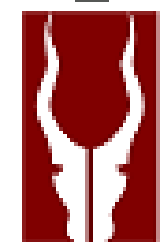
- Generate investor interest and build confidence
- Lead to additional investor meetings
- Charts, graphics, pictures and verbiage should be simple and easily read
- Each slide should have between 3 and 6 bullets that are succinct (no paragraphs, uncluttered)

Presentation format may vary depending on the company but the following format provides a reasonable order and flow –it is but one approach to making Business Plans.

Outlining the Business Plan for Large Projects

Order of Presentation

- Introduction
- Problem
- Solution
- Company Status
- Market, Customers
- Competitive Landscape
- Business and Revenue Models
- Management Team
- Financial Projections Funding
- Timeline & Milestones
- Summary



1. The Introduction

This is a very important slide that requires lots of time to create because it must be succinct, comprehensive and COMPELLING

Briefly introduce yourself and your company

- Company name and company logo
- Presenters names (give titles if pertinent)

Brief overview of company

What exactly the company does (stated succinctly)

- What products or services are offered
- What problem is being solved, and
- Why these products or services are compelling, e.g., "...the only product that enables [solution] to [the problem]..."

2. The Problem/Opportunity/Need

The Problem needs to be very clear and properly described to allow investors to understand your Value Proposition

- Define the problem or need in the market
- Describe how significant or prevalent the problem may be
- If appropriate, describe why now is the right time for a solution
- Provide a “problem” scenario that provides a basis for your company’s product or service

3. The Solution

This Section needs to show the Solution your company is providing to solve this problem in a sustainable manner

- Clearly and succinctly describe the company's product or service that will address the problem
- Illustrate the company's solution with graphics, pictures or videos as necessary (keep this very simple)
- Provide brief list of features, benefits and advantages
 - What is the value proposition for the customer (How well will the product or service solve the problem)?
 - Cost savings, convenience, reliability, etc. (be specific)
- Describe "barriers to entry" created by your product (e.g., patents)
- Provide an understandable, practical example of how your product/service works or what it does.

4. Company Status/Progress

This Section needs to show your Company and the Governance in place to drive the implementation of the product.

Build investor confidence in your company

- Domain expertise of management and staff
- Customers and contracts established (letters of intent)
- Strategic partnerships established
- Product development status—describe milestones achieved to reduce risk (e.g., alpha or beta testing)
- Other significant information to validate or reduce risk

5. The Market

This Section needs to show your Company's ability to penetrate the market and drive sales

Market for [your product/service]

State	Demand (Naira MM)	% Nigeria
Abuja	1700	32
Lagos	1500	30
Rivers	1300	25
Cross River	415	8
Oyo	200	4
Others	64	1

Nigerian Market with key segments

City	Rank	Naira MM	% State	% Nigeria
Ikeja	1	865	22.8	5.3
Port Harcourt	3	300	8.3	1.9
Calabar	4	285	8	1.8
Ibadan	21	105	2.8	0.64
Benin	22	104	2.8	0.63
Jos	23	103	2.7	0.62
Uyo	26	100	2.6	0.61

6. Customers

This Section needs to show your Company's Current Customers and the Future Customers that is planned to be acquired

Describe the company's current and potential customers

- Profile of the optimal customer
- Value proposition to customer
- Validation of Customer Acceptance
 - Customer Feedback, Survey Data, Testimonials
 - Purchases, Letters of Intent
 - Partners
- Example of customer

7. Competition and Advantage

This Section needs to describe competitive environment for your company and its product or service

Describe the company's competitive position

- Profile of key competitors
- Description of their product or service
- Competitor's pricing strategies
- Competitor's go-to-market strategies
- Any strategic alliances and partnerships

The competitive advantage of your business should be articulated against the competition.

7. Competition and Advantage

Competitive Comparison

Product	Advantages	Disadvantages
Product A ~N120/100 units		
Product B ~N300/100 units		
Product C ~N170/100 units		
My Company Product ~N90/100 units		

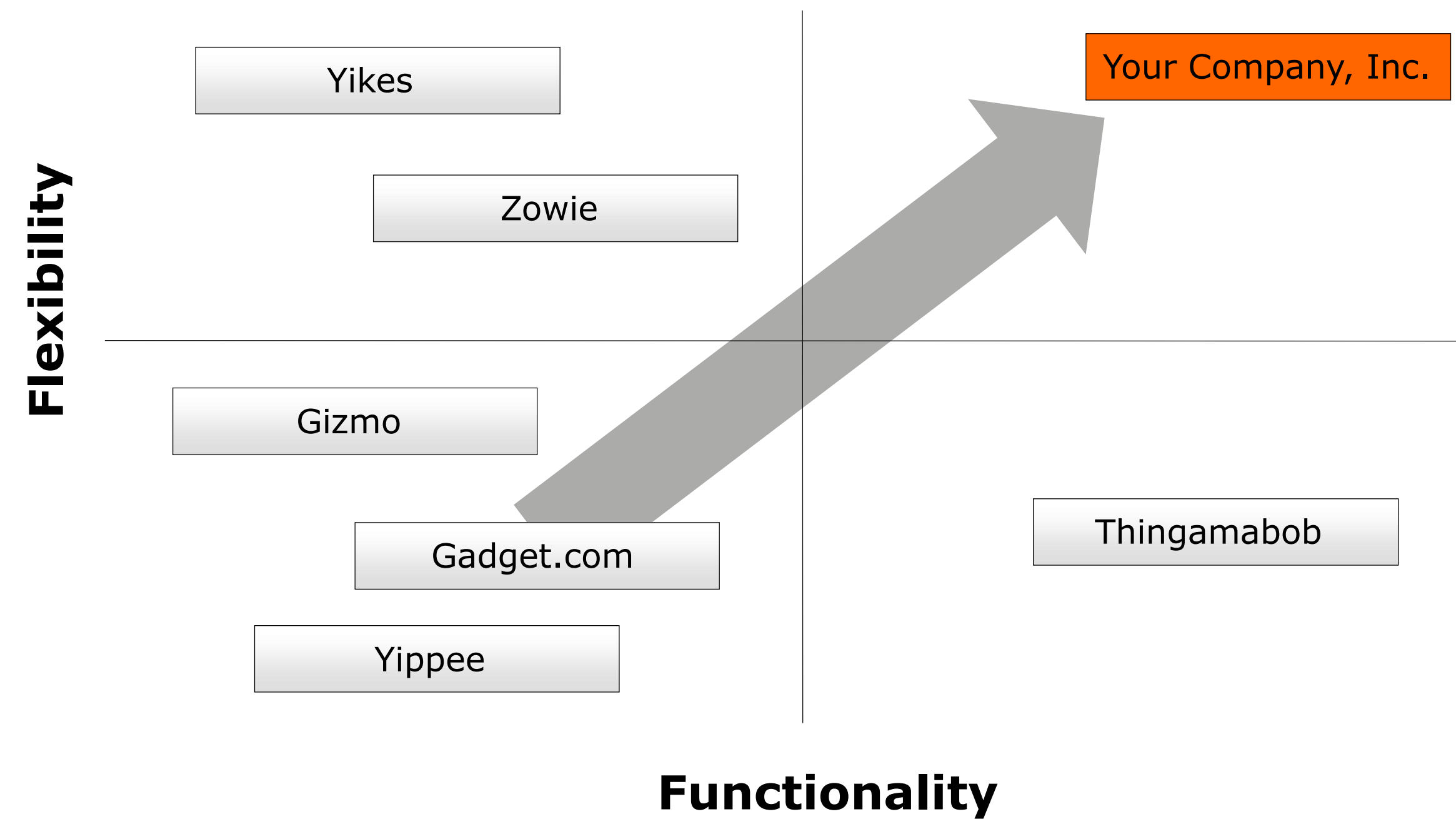
7. Competition and Advantage

Competitive Matrix should also be developed to show your products and services

Product	Feature A	Feature B	Feature C	Feature D	Feature E
MY PRODUCT	●	●	●	●	●
Product 1	●		●		
Product 2	●	●	●		
Product 3	●	●			●
Product 4	●	●		●	
Product 5		●	●		●
Product 6		●		●	

7. Competition and Advantage

A Competitive Positioning Documentation needs to be developed also



8. Business Model and Marketing Plan

The business model and marketing plan for be very straight to the point

Describe the company's business and revenue model

- What is the overall business strategy?
- How will you sell your product or service (distributors, internet)?
- How will the company generate revenue for its product or service?
- Describe the sales cycle for the company's product or service
- Include pertinent information regarding relationship with government agency

Describe the Marketing Plan (if appropriate)

- What is the go-to-market strategy?
- What is the pricing model? Gross margin?
- How will you access customers? (including advert. and promo.)
- How will your product or service be distributed?
- What customer support will be needed?

Note any commitments from partners, distributors, granting agencies, etc. regarding benefits of your product

9. Management Team, Advisors

The Management Team and Group of Advisers are the key to show investors your level of seriousness

Build investor confidence with team

- Credentials, proven track record, domain experience (do not include weak credentials)
- Describe skill and experience gaps to be filled

List the company's leadership team

- Include name, position, experience (abbrev.)
- These are credentialed experts

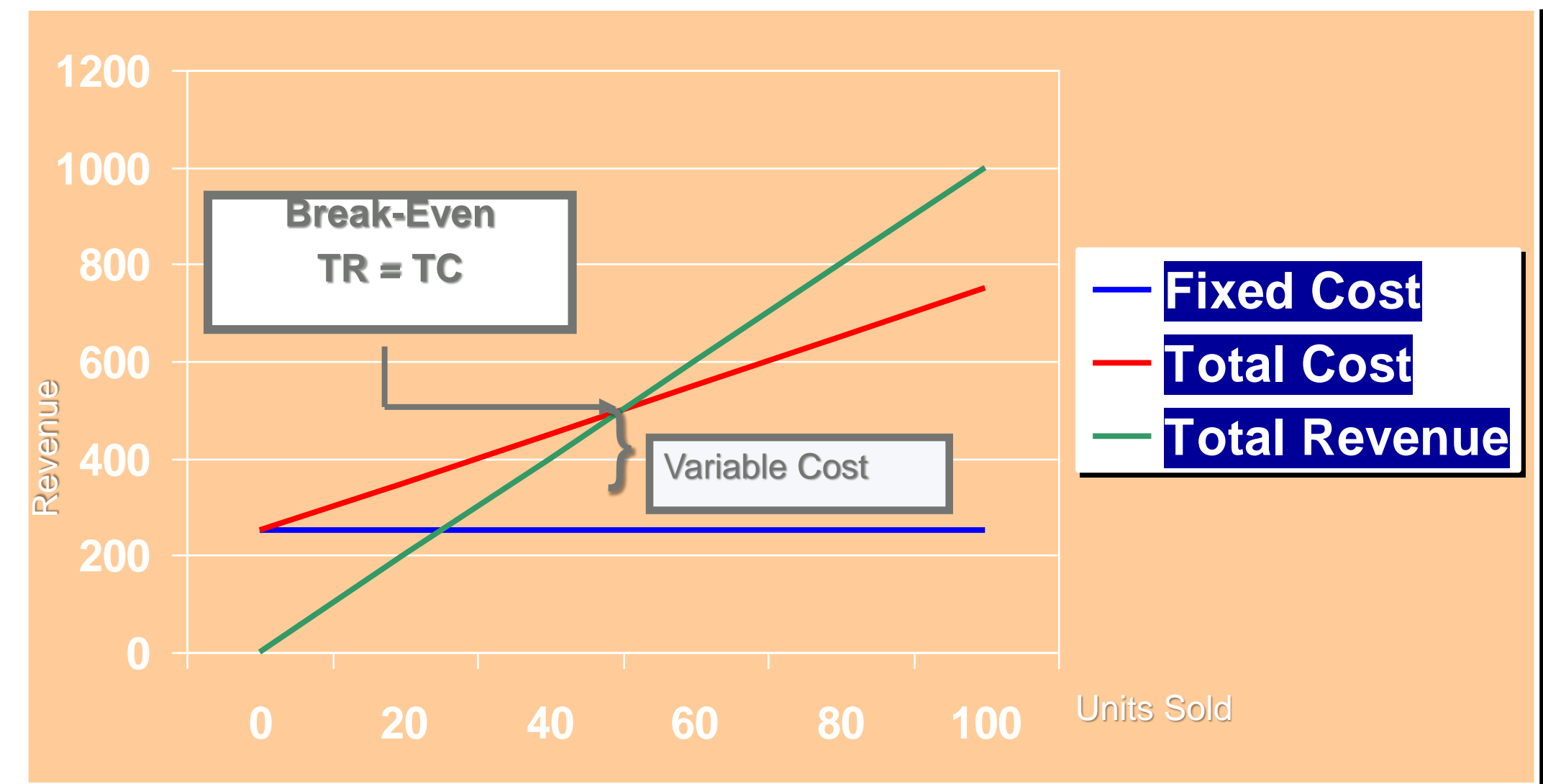
List of company Directors and Advisors

- Include name, summary of experience

10. Financial Projections

Show the Income Statement and Cost Benefit Analysis

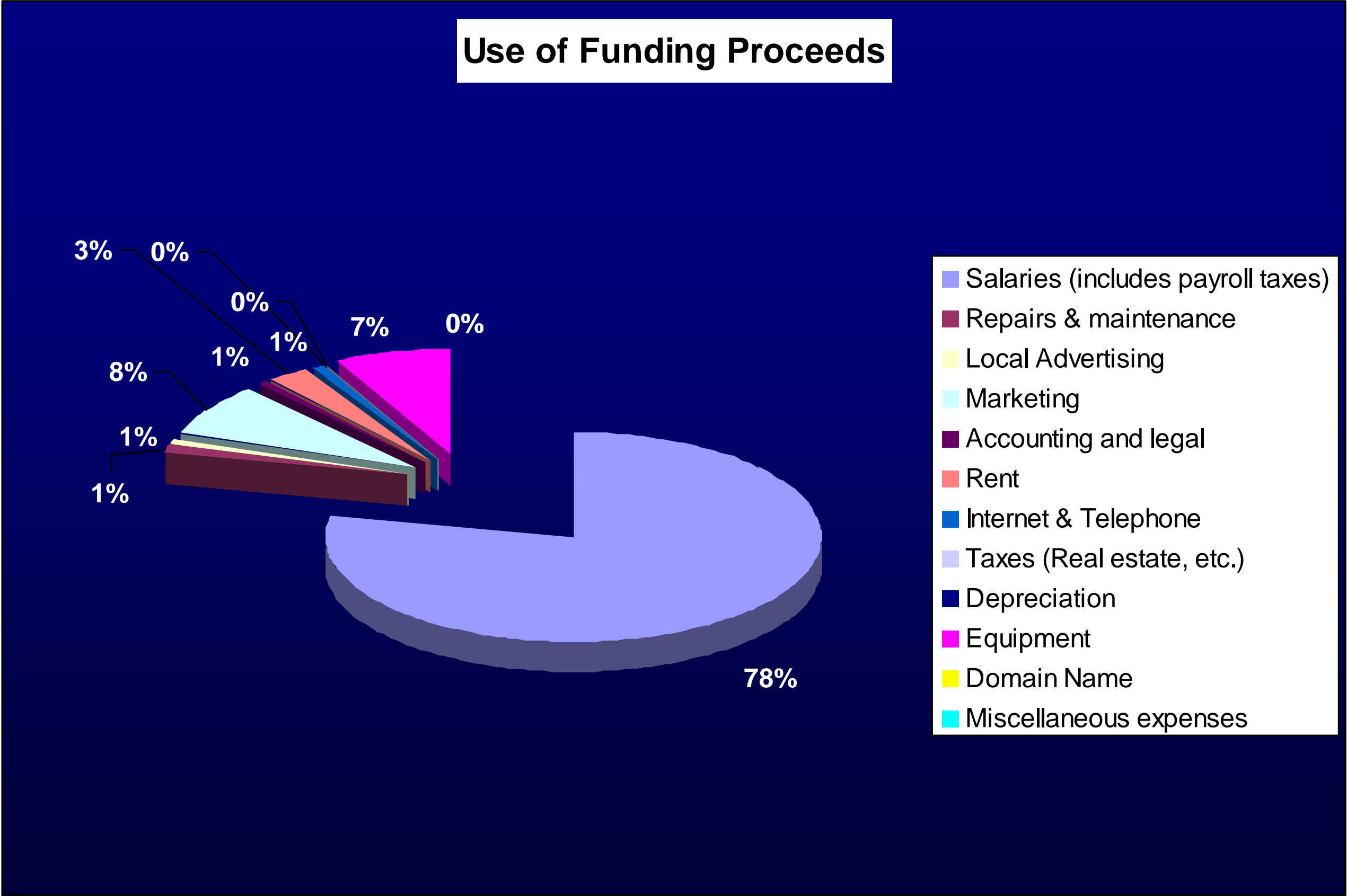
	2008	2009	2010	2011	2012
Revenue	500	5,207	12,203	25,565	51,894
COGS	402	3,270	7,179	14,395	29,145
Gross Profit	102	1,937	5,024	11,170	22,749
Oper Exp	4,318	3,572	4,229	8,165	16,445
Net Income	(4,216)	(1,635)	795	3,005	6,304



$$\left[\text{B/E(Quantity)} = \frac{\text{Total Fixed Cost}}{\text{Price per Unit} - \text{Var. Cost per Unit}} \right]$$

10. Financial Projections

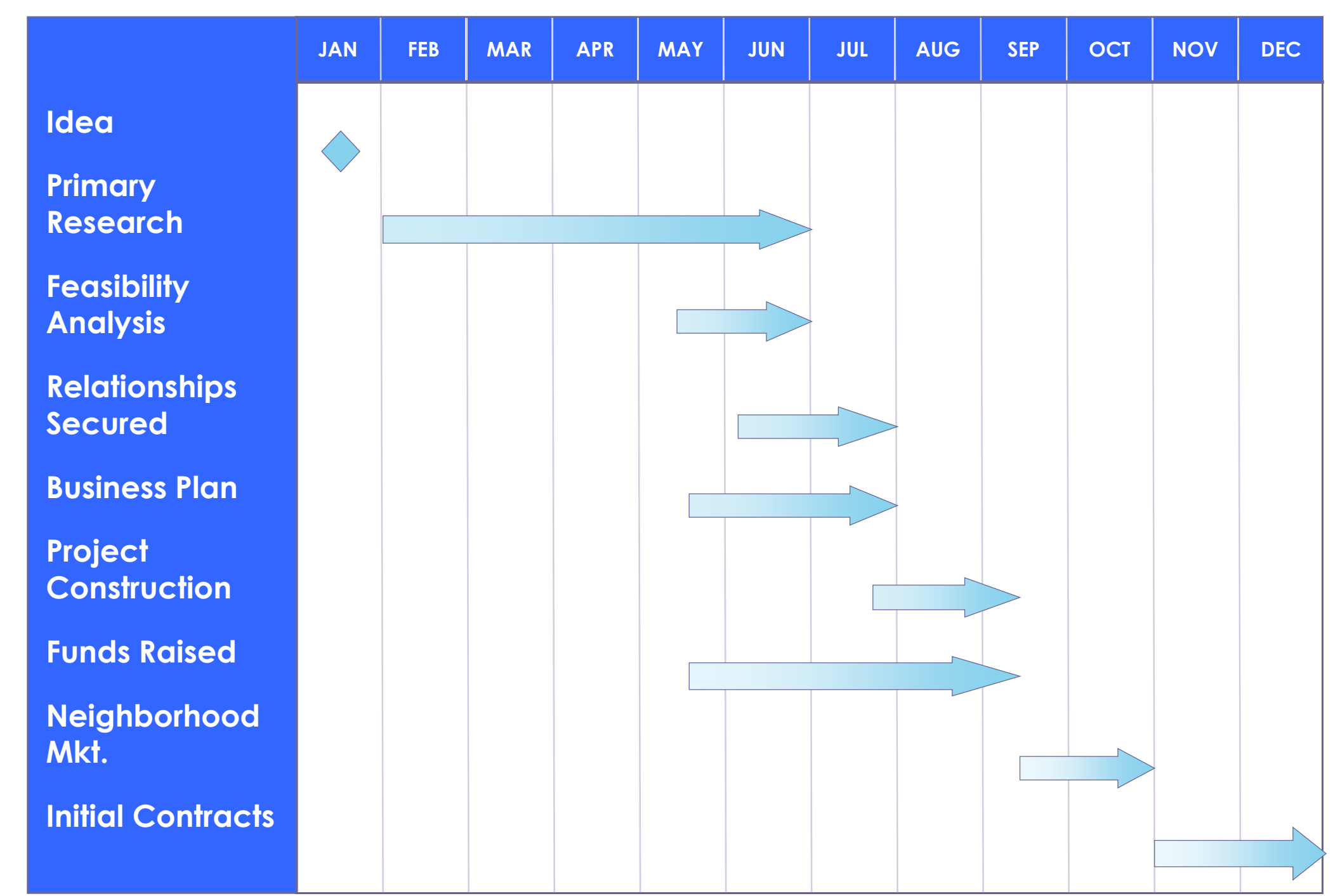
Use of Proceeds Breakdown



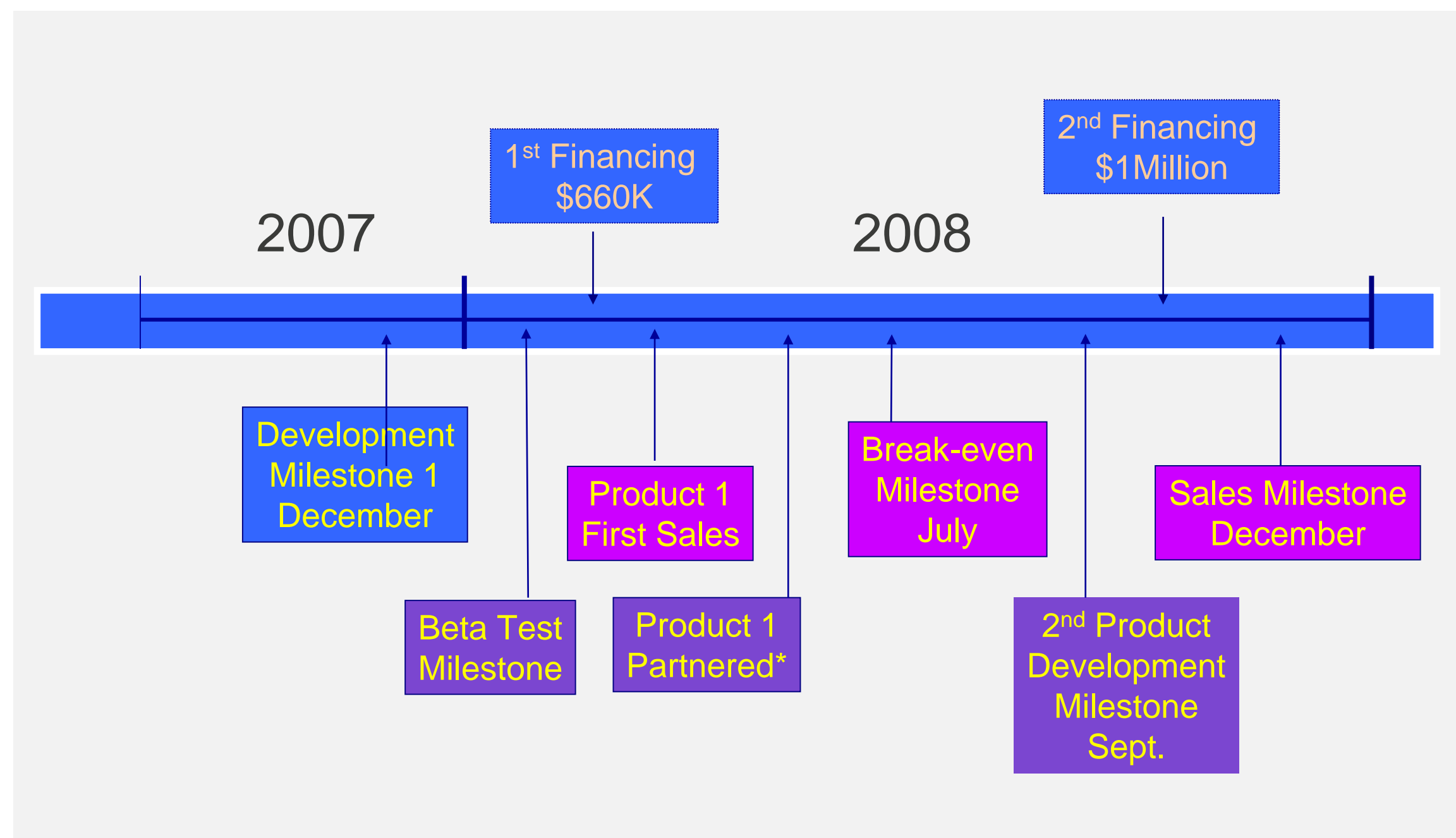
11. Milestones

Timeline Milestones

Timeline Milestones



Value-Added Milestones Timeline (Sample)



12. Concluding your Business Plan

Summary

What do you want your audience to remember about the company?

- Unique and Sizeable Opportunity
- Unique product or service
- Competitive Advantage, Strengths
- Marketing Approach, Customers, Sales Pipeline
- Intellectual property
- Management team
- Other...

Who can help?

Contact us @ Brickstone



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