A GUIDE TO DEVELOPING BUSINESS PLANS FOR LARGE PROJECTS

White Paper

ABSTRACT

Beyond being a document that guides internal processes of a business, business plans are the heart of financing, forming partnerships and even for recruiting high level executives. One cannot overstate the massive impact that a well-developed business plan will have on your business project as such you would not want present a business plan that poorly articulates your company and vision. A common mistake that many business leaders do is to oversimplify the process of developing a business plan by resorting to software that creates an interactive process to complete a business plan, what the software technology does is to create a cookie cutter plan that financiers swiftly recognize as derived from a template. Others may choose to employ a professional consultant, however, many consultants use templates that would not provide a deep dive into your business vision and achieve your funding objectives. Therefore, care must be taken to ensure that the guidance and general advice that they receive from outside advisors deeply convey your vison and drive for your business venture.

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GUIDE TO DEVELOPING BUSINESS PLANS FOR LARGE PROJECTS

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INTRODUCTION

THE NEED FOR PLANNING

Beyond being a document that guides internal processes of a business, business plans are the heart of financing, forming partnerships and even for recruiting high level executives. One cannot overstate the massive impact that a well-developed business plan will have on your business project as such you would not want present a business plan that poorly articulate your company and vision.

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Others may choose to employ a professional consultant, however, many consultants use templates that would not provide a deep dive into your business vision and achieve your funding objectives. Therefore, care must be taken to ensure that the guidance and general advice that they receive from outside advisors deeply convey your vison and drive for your business venture.

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Planning is the key foundational aspect of running a business. Writing a business plan must be managed in the same manner other important business projects are managed. As a foundational process it would include prior preparation, delegation and refinement,

a business plan must be tailored to the likely use and users and must be complete with accurate and convincing information.

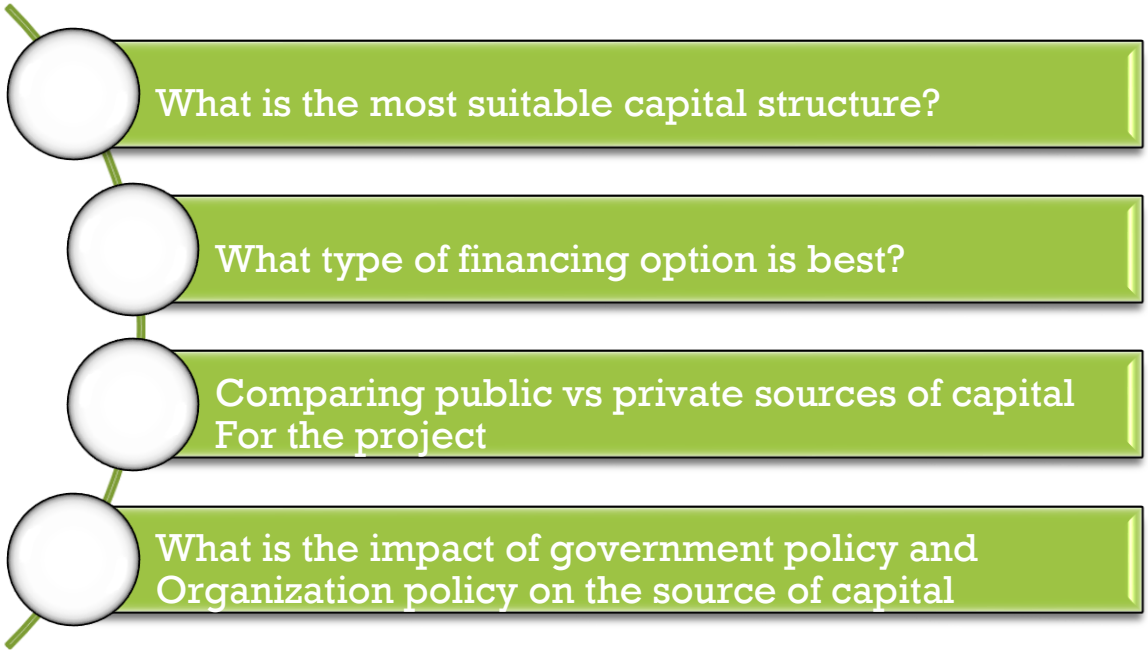
WHY YOU NEED A BUSINESS PLAN FOR YOUR LARGE PROJECT FINANCING

A professionally written business plan is essential for the success of large projects for the following reasons;

WHAT IS DISTINCT ABOUT BUSINESS PLANNING FOR LARGE PROJECTS?

Prior to beginning a huge project, a financial plan is required. The financial projections in the plan highlights all the costs associated with the project and tailor the cost based on the budget available.

Business planning for large project helps answer the following key questions;



HOW IS A PROJECT FINANCE BUSINESS PLAN STRUCTURED?

STRUCTURE	It must be compelling & must quickly spark the interests of an Investor and has accurate data to build confidence.
	Generate follow-on meetings with investors
	Have clear illustrations, charts, graphs & Infographics. This makes it appealing to the eyes and also easy to read.
	It must be accompanied by an easy-to-read pitch deck. With has each slide.
	It should have no more than 5 bullet point's font size about 30 in size. Avoid clusters and chunky paragraphs.

OUTLINE FOR AN EFFECTIVE PROJECT

FINANCE BUSINESS PLAN

There is no one-size-fit all format for a project finance business plan, however, the best plans cover the following;

Executive Summary
- Opportunity
  - Problem , Solution, Market, Competition
- Expectations
  - Forecast, Financial Highlights by Year , Financing Needed

Introduction
- Problem & Solution
  - Problem Worth Solving
  - Solution; Our value Proposition
  - Business Model, revenue Model

Market Description
- Target Market
  - Competition
  - Current Alternatives, Our Advantages
- Marketing & Sales
  - Marketing Plan, Sales Plan
- Operations
  - Locations & Facilities, Technology, Equipment & Tools
- Milestones & Metrics
  - Milestones Table, Key Metrics

Company- Overview,
- Team, Management Team, Advisors

Financial Plan
- Forecast; Key Assumptions- Revenue, Expenses & Net profit
- Financing; Funding Need, Use of Funds

Summary & Appendix
- Monthly Financial Forecasts
- Additional Documentation

EXECUTIVE SUMMARY

The executive summary is very important because it carries a lot of vital information in a condensed format. It must be written last, after the whole business plan has been completed. It is the most crucial part of the large project business plan document.

The executive summary brings all the key elements of your plan together. This section is the first a part of the document that commercial lenders or investors will see. It plays a critical role in determining if they will have any interest in seeing the rest of your documentation or pursuing a relationship with you.

Key elements of an Executive Summary for a large project business plan

Essentially, it is a summary or mini business plan. An executive summary is a great backup to the pitch deck It must follow the same order of the business plan for easy referencing. A great format to follow is shown below :

The Introduction

The Introduction is the succinct opening to the business plan. It should be clear and persuasive. It should contain an overview of the company, the description of the business and the goals.

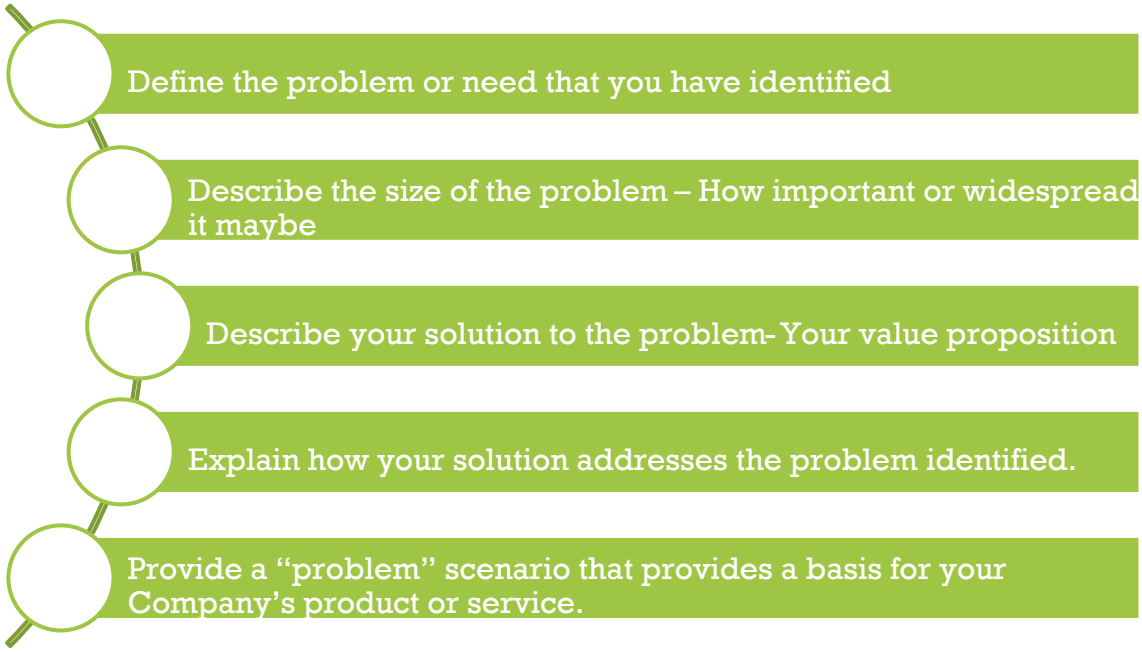
It should contain the following;

The Introduction	Brief introduction of company
	Brief overview of company, its products, services, Problems solved
	What is the unique selling point- what sets the business apart?

Problem - Solution

Investors want to see that your business project will be valuable to customers and hence generate revenue sustainably.

Show them the value proposition in the problem-solution segment. The Problem-solution section of the introduction aims to expand on the value proposition; why would customers choose you over a competitor. A clear description is essential in the segment. Ensure that you do the following;



Product or Service

This section provides a more detailed explanation of your companies' solution.

1. Showcase your product/service that provides a solution to the problem identified
2. Provide clarity with illustrations such as annotated diagrams, short videos or diagrams as deemed necessary.
3. Explain how your product works, ensure your explanation is realistic & concise.

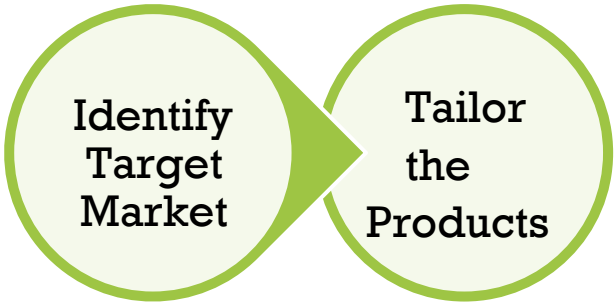
Market Description

This section provides a detailed explanation of your market, industry and your competitive position in the market.

Market Analysis

The aim here is to break the industry into segments and zero in on the specific segment (or target market) to which your firm's product or service will appeal to.

Key Insights

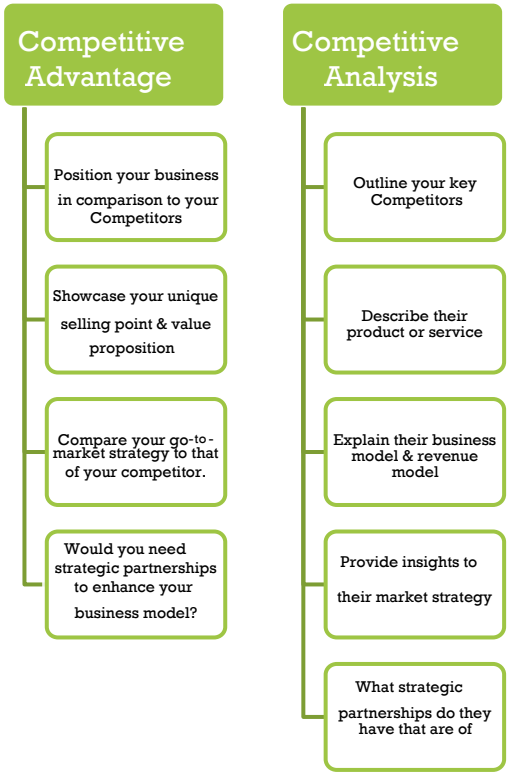


- ✓ When starting, you may not service the entire industry, rather focus on servicing a specific (target) market within the industry.
- ✓ Include a description of the consumers in the market and how you can tailor your product to appeal to their behaviour.

Competitive Analysis

The aim of this section is to describe the competitive landscape of your business, create a competitive analysis and showcase your competitive advantage.

Use the guide below when conducting your competitive analysis and describing your competitive advantage.



Competitive Comparison

Products/Service	Benefits	Limitations
Competitor A		
Competitor B		
Competitor C		
Your Companies own		

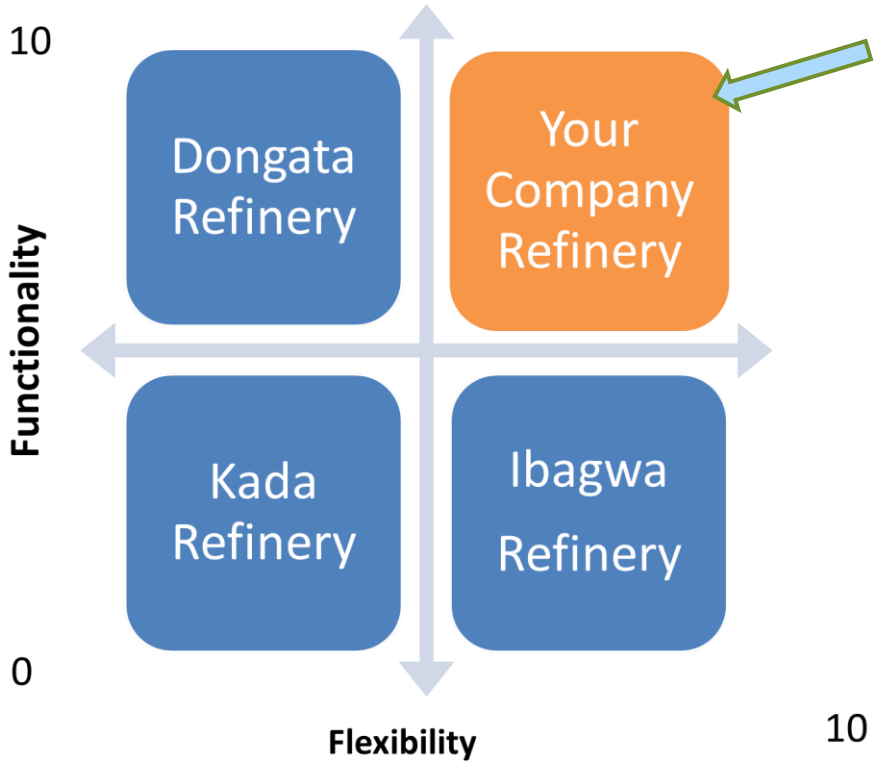
Competitive Analysis

This helps you compare your product/service to a competitor in an effective manner by viewing the important of the products/services features

Factor	Your company	Competitor A's Product	Competitor B's Product	Competitor C's Product
Feature 1	Rank	Rank	Rank	Rank
Feature 2	Yes	No	No	No
Feature 3	X	X	X	
Feature 4		X	X	X
Feature 5	X	X	X	
Feature 6		X	X	
Feature 7			X	X

Competitive Analysis

Develop a competitive positioning document to show how you will carve out a spot and win a market share for your business.



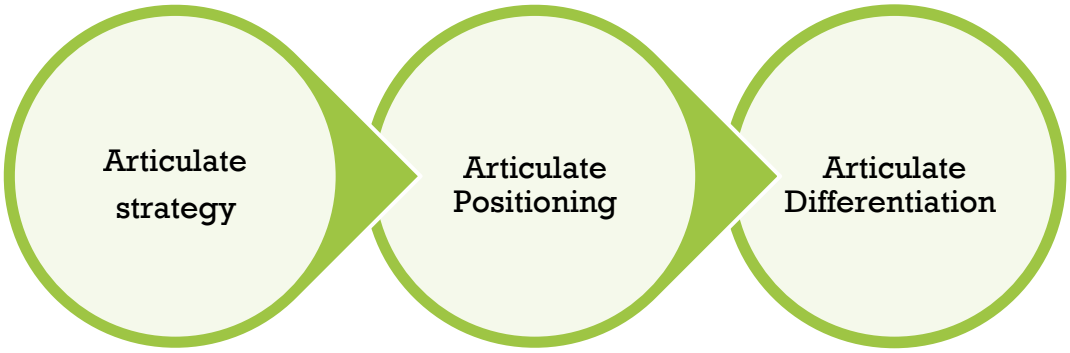
Marketing

In this section you will describe your ability and plan to break into the market

Marketing

Include overall marketing strategy, product, price, promotions, and distribution, sales process (or cycle) and sales tactics in the section.

Key Insights



1. Start by articulating your marketing strategy, positioning and points of differentiation.
2. Talk about how these overall aspects of the plan will be supported by price, promotional mix, and distribution strategy.
3. Describe your sales process.

Market Demand

Gather data about the market size and populations volumes and differentiate between the Total Addressable Market (TAM) as well as Pin pointing your own target market.

State	Demand (Billion Naira)	%age demand of total Nigerian population
Lagos	5850	45
Abuja	3300	32
Kano	1400	29
Rivers	550	11
Abia	250	6
Ogun	84	2

Business and Revenue Model

The business model talks about all the processes and elements that come together to facilitate the income generation for the business. Highlight the company's business & revenue models in this section.
To achieve these include the following;

Business & revenue model	Talk about the company's overall business strategy?
	Describe clearly the role of technology in the business ?
	What is your distribution plan for the product or service (e-commerce or distribution chain)?
	What is the revenue model, what are the key drivers of cost and revenue?
	Describe the sales cycle for the company's product or service
	Do you have any relationship with government agencies that is key to the business success?
	How does externalities like foreign exchange, community disputes, or fiscal policies affect your business?

Marketing and Distribution Plan

Describing the marketing and distribution plan will help the readers see that you have thought through your business processes.

Operations Plan

In this section, you will outline how your business will be run and how your product or service will be produced. Include general approach to operations, business location, facilities and equipment.

Key Insights

1. Find the careful balance between adequately describing this topic and providing too much detail.
2. Keep this information brief and crisp.

Management Team and Company Structure

You should aim to showcase the corporate Governance that your company has in place. Include Management team, Board of directors, Board of advisers & Company structure.

Key insights

1. A typical investor will often look at the management team right after reading the executive summary.
2. Ensure you focus on the key strength & domain expertise of the people starting the firm.
3. Key partnerships that you have established.
4. Describe milestones achieved in product development
5. List noteworthy information to validate your project or reduce risk

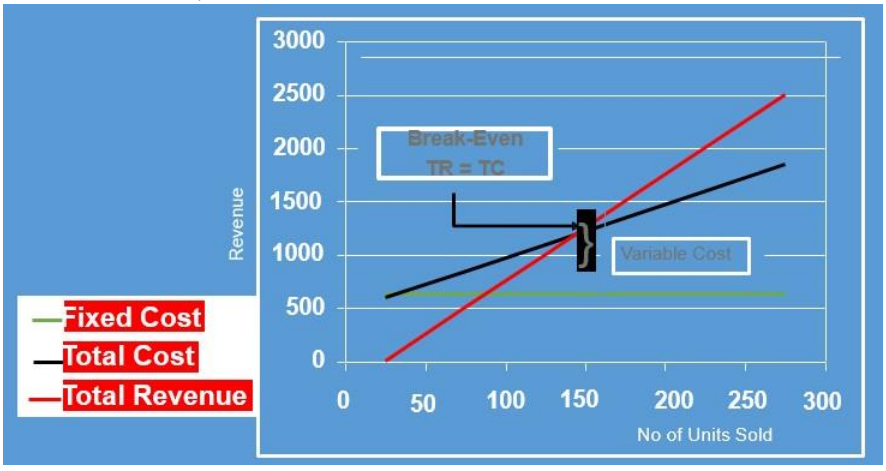
Financials

The financial projection is very important. It is the part of the business plan that shows to the investor how profitable you expect your venture to be.

Express the income statement, breakeven analysis, cost benefit analysis & explain all assumptions.

	2014	2015	2016	2017	2018
Revenue	2,500	25,207	72,203	115,565	171,894
COGS	-602	-3,270	- 6,179	-15,395	-29,145
Gross Profit	1,898	21,937	66,024	100,170	142,749
Oper Exp	-4,318	-8,572	-18,229	-18,165	-39,445
Net Income	- 2,420	13,365	47,795	82,005	103,304

Financial Projection



$$\text{Break Even Quantity} = \frac{\text{Total Fixed Cost}}{\text{Price per Unit} - \text{Variable. Cost per Unit}}$$

Profit and Loss Statement

	2019	2020	2021	Current Period as % of Sales	% Change from Period 1 and 2
Sales Revenue					
Product/Service 1				-	-
Product/Service 2				-	-
Total Sales Revenue	0	0	0	-	-
Cost of Sales					
Product/Service 1				-	-
Product/Service 2				-	-
Total Cost of Sales	0	0	0	-	-
Gross Profit	**0**	**0**	**0**	**-**	**-**
Operating Expenses					
Sales and Marketing					
Advertising				-	-
Direct marketing				-	-
Total Sales and Marketing Expenses	0	0	0	-	-
Research and Development					
Technology licenses				-	-
Patents				-	-
Other expenses (specify)				-	-
Other expenses (specify)				-	-
Total Research and Development Expenses	0	0	0	-	-

General and Administrative					
Wages and salaries				-	-
Rent				-	-
Telephone				-	-
Utilities				-	-
Depreciation				-	-
Insurance				-	-
Repairs and maintenance				-	-
Other expenses (specify)				-	-
Total General and Administrative Expenses [O]	0	0	0	-	-
Total Operating Expenses	0	0	0	-	-
Income from Operations	**0**	**0**	**0**	**-**	**-**
Other Income				-	-
Taxes					
Income taxes				-	-
Other taxes (specify)				-	-
Total Taxes	0	0	0	-	-
Net Profit	**0**	**0**	**0**	**-**	**-**

Funding Needs

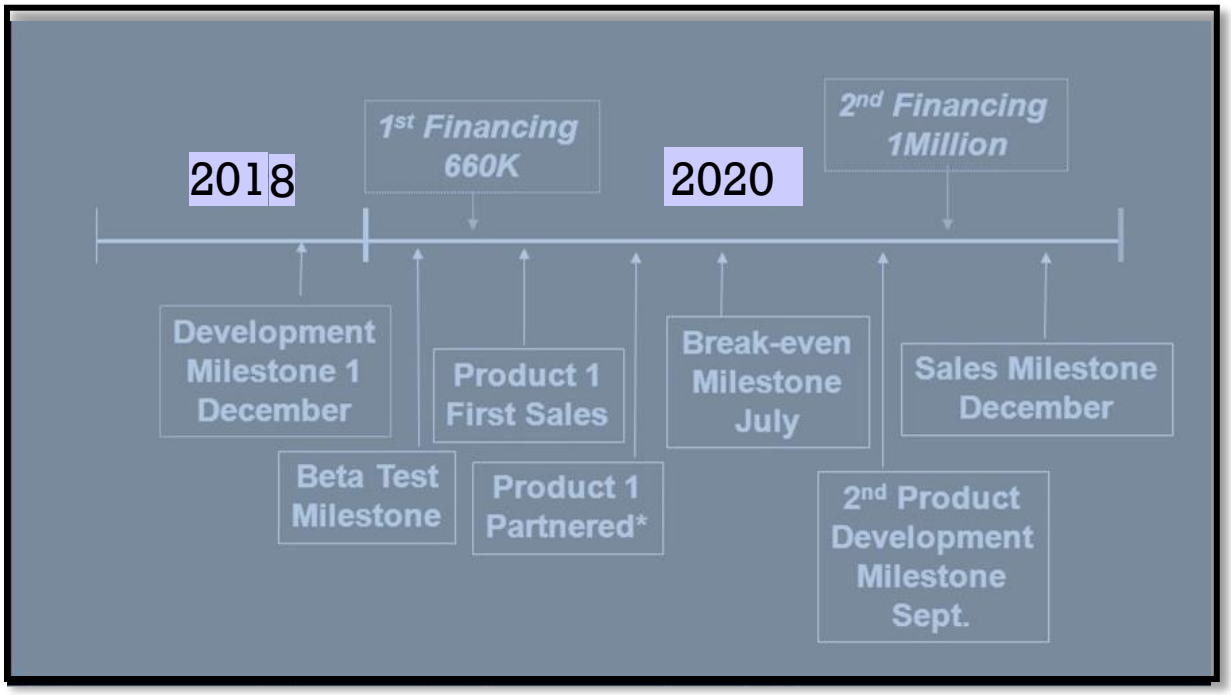
Ensure that you show a detailed breakdown of the purpose for your funds. It shows investors that you have a clear understanding of how funding will drive your business growth. Display your information in an easily readable format.

Milestones

Show milestones to describe how your business will move across its various stages

	2017		2018			
	Q3	Q4	Q1	Q2	Q3	Q4
Idea						
Feasibility						
Product Development						
Business Planning						
Fund Raising						
Contract Secured						

Business Planning Timeline



Value Adding Milestone

Drawing your Business Plan Conclusion

Your conclusions will draw from the different sections of the business plan. When writing the conclusion of your business plan always have the following in mind;

1. What key things do you want your readers to remember about your company after reading your business plan?
2. Is your opportunity distinct and large?- Mention this
3. What is your unique selling point and competitive advantage?
4. How well will your marketing approach enable you to reach your target customers?
5. List your Management team
6. Provide any additional information that you think may be valuable

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Brockville Investments Limited

How we can help

Brockville is a research based transaction advisory and asset management firm for infrastructural projects in Africa. We are structured along four service lines; Transaction advisory (Project Finance), Strategy advisory, Asset Management & Research.

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