

BUSINESS PLAN

Key questions

A lot of templates for a business plan are available on the internet. To check if a project is worth exploring further, the FLAG does not have to go through the full business plan with the potential entrepreneur. It will, however, need to understand the main elements of the project. Below are some questions that FLAGs should consider addressing.

1. THE PROJECT IDEA

You need to ask at least the following questions:

- **What are your objectives?**
Business objectives, financial objectives? Short-term, long-term?
- **What is the project going to do?**
- **What makes your product/service unique?**
Your Unique Selling Proposition
- **Who will carry out the activity?**
Management and staff involved
- **When will it be done?**
When will the activity start? When will it end? What is the expected lifetime of the business?
- **What resources are necessary to make this happen?**
Financial resources
Skills
Space, equipment...
- **How will you measure success?**
- **How will your project impact the environment?**

Other questions:

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2. THE MARKET

You need to ask at least the following questions:

- **What is your product unit?**
e.g. kg of fish, can/jar of fish pate, person-night in accommodation...
- **Who are your potential customers? How many are they?**
- **What similar products are available on the (local) market? Who offers them?**
- **How is your product different?**
Compare the price, availability, quality, reputation, innovative elements with each competitor
- **Why do you think customers will buy your product?**

Mention any market studies if relevant, but also informal information e.g. from discussions with potential buyers

- How much of your product/service do you expect to sell (per month, season, year...)?
- What is the maximum amount that you can produce?

Other questions:

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3. THE FINANCIAL PLAN

A business plan typically requires different types of financial information. However, the most important is to understand if the income can cover the cost (including repayment of any loans, if relevant).

- **What are your fixed costs?**

Fixed costs are those business costs which are incurred irrespective of the volume of activity. Typically these include:

	Year 1	Year 2	Year 3	Total
Salaries & other personnel costs					
Office rent					
Equipment maintenance					
Loan repayments					
Promotion					
.....					

- **What are your variable costs?**

Variable costs are those which depend on the volume of activity (e.g. when you produce more fish pate, you'll have to buy more fish and other ingredients), for instance

	Year 1	Year 2	Year 3	Total
Purchase of raw material					
Packaging					
Consumables, e.g. fuel etc.					
Tax					
.....					

- **What is your expected income?**

Amount of units sold	Price per unit	Income
X	Y	X * Y

- **What is your break even point? When do you expect to reach it?**

The break even point comes when revenue from sales covers all fixed and variable costs. Any amount sold beyond this amount brings profit.

- **What is the minimum amount you need to sell to cover your costs?**

Is this amount realistic, taking into account all potential risks?

- **How does the business propose to cover its costs until it reaches the break even point?**

Other questions:

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