

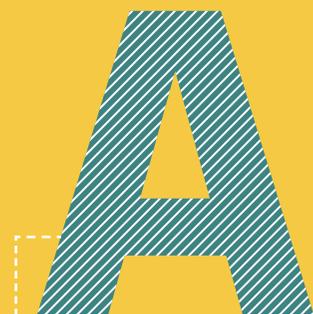
 BUSINESS **ST**  **RT-UP**

& RESOURCE GUIDE



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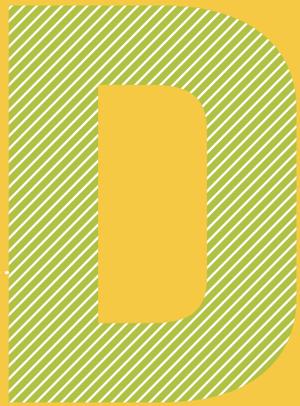


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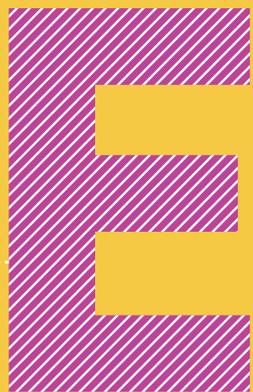
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“YOUR REPUTATION IS MORE IMPORTANT THAN YOUR PAYCHECK, AND YOUR INTEGRITY IS WORTH MORE THAN YOUR CAREER.” – RYAN FREITAS, ABOUT.ME CO-FOUNDER



**DEVELOP YOUR
BUSINESS PLAN**

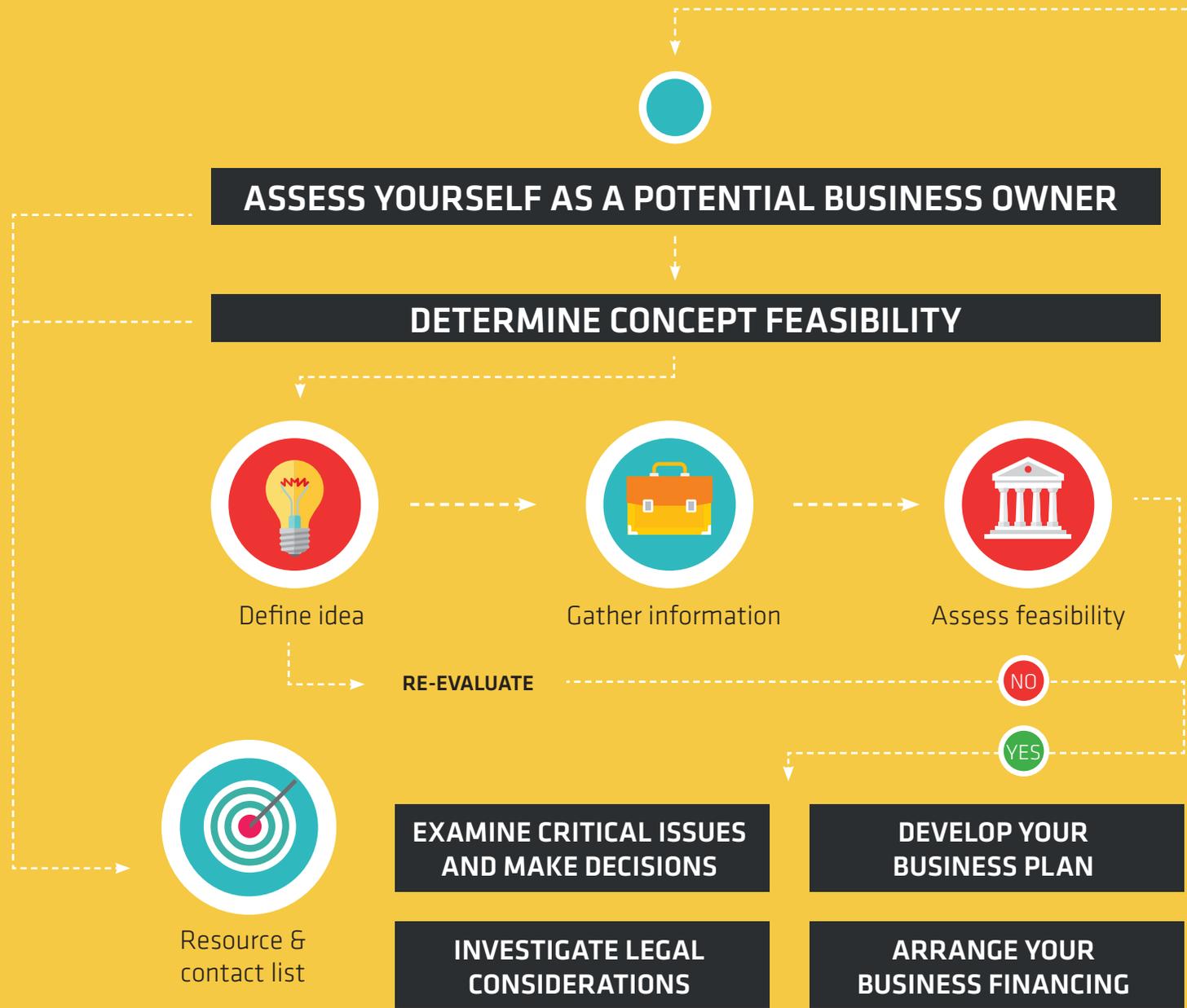
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BUSINESS START-UP PLANNING



“EVERY TIME WE LAUNCH A FEATURE, PEOPLE YELL AT US.”

— ANGELO SOTIRA, DEVIANTART CO-FOUNDER



CHECKLIST FOR STARTING A BUSINESS

- Assess yourself as a potential business owner
- Determine concept feasibility
- Examine critical issues and make important decisions
- Investigate legal considerations and requirements
- Develop your business plan
- Arrange your financing





ASSESS YOURSELF AS A POTENTIAL BUSINESS OWNER

While owning a business may be a personal dream for many, managing a business may prove difficult because of a lack of prior business ownership, experience, or management skills. An honest self-evaluation will allow you to assess your personal characteristics and determine your willingness to meet the demands of owning your own business.

Some of the questions below may be difficult to answer, but it is critical to evaluate your personal weaknesses along with your strengths.



When owner weaknesses are identified, partners, managers, staff members, other external resources or education and training may be found to balance strengths and offset weaknesses. Check the questions below that you can answer with "Yes."

- If required, are you prepared to temporarily lower your standard of living until your business is firmly established?
- Is your family prepared to support you (time and money required to start a business)?

PERSONAL CHARACTERISTICS

- Are you a leader?
- Are you confident?
- Do you like to make your own decisions?
- Do you handle responsibility well?
- Do you thoroughly plan projects from start to finish?
- Are you self-disciplined and independent?
- Are you flexible?
- Do you read business publications?
- Do you possess computer skills?
- Are you aware of your current credit rating?
- Are you or your spouse willing to dip into your savings if necessary to help support the business?
- Will your spouse's income be sufficient to support your family without income from your business?

DEMANDS OF OWNING YOUR OWN BUSINESS

- Do you realise that running a business may require long hours and reduced personal income?
- Do you have the emotional strength and good health to handle the work load and daily schedule that owning your own business will require?



“BE UNDENIABLY GOOD. NO MARKETING EFFORT OR SOCIAL MEDIA BUZZWORD CAN BE A SUBSTITUTE FOR THAT.” – ANTHONY VOLODKIN, HYPE MACHINE FOUNDER

I gave up on a
salary to work
for myself.

Junius Karangura,
Aquaculture products manufacturer





ASSESS YOURSELF AS A POTENTIAL BUSINESS OWNER

BUSINESS EXPERIENCE AND MANAGEMENT SKILLS

What basic skills do you think you will need to succeed in business?

- Do you possess those skills?
- If you discover you do not have the basic skills needed for your business, are you willing to delay your plans until you have acquired the necessary skills?
- Have you ever worked in a managerial or supervisory position?
- Have you hired and fired people before?
- Have you ever worked in a business similar to the one you are considering?
- Have you had any business training in school?
- Do you understand business financing and cash flow management?
- Are you aware of the record keeping requirements expected in managing a small business?
- Do you understand the fundamentals of marketing and market development?

Self-analysis

This self-test is simply an overview of the personal characteristics and basic skills needed in small business ownership. The questions with a “Yes” answer indicate the presence of a strength or attribute needed to successfully manage a small business. Those not checked might indicate weaknesses or a lack of willingness to make the sacrifices necessary to run a small business.

If you decide to continue with plans to establish a business, then you should resolve to change each blank to a “Yes.” A partner or other solution may provide balance for some weak areas, thus changing a few blanks to “Yes.” However, if there are a significant number of unchecked boxes, overcoming problems may require more development on your part.

Identify the five most important interests, skills, or previous work experience that you enjoyed:

- 1.
- 2.
- 3.
- 4.
- 5.

Write below any opportunities that may be associated with these characteristics, skills, or previous work experience.



DO YOU POSSESS THOSE SKILLS?

HAVE YOU HIRED AND FIRED PEOPLE BEFORE?

“MONEY IS LIKE GASOLINE DURING A ROAD TRIP. YOU DON’T WANT TO RUN OUT OF GAS ON YOUR TRIP, BUT YOU’RE NOT DOING A TOUR OF GAS STATIONS.”

– TIM O’REILLY, O’REILLY MEDIA FOUNDER AND CEO



Based on your interest, abilities, and experience, summarise your strengths and weaknesses as they relate to the business skills necessary to start and grow a successful business.

Identify ways you can overcome these weaknesses:

What kind of commitment are you willing to make to get your business off the ground?

Time commitment: _____

Resources commitment: _____

ASK SOMEONE WHO KNOWS YOU WELL TO IDENTIFY YOUR STRENGTHS AND WEAKNESSES.

Compare your answers.

Identified by me	Identified by someone who knows me well
STRENGTHS:	STRENGTHS:
WEAKNESSES:	WEAKNESSES:

Are you prepared to lose your investment and other savings? ____ Yes ____ No

What are your expectations for the business:

Within one year?

After three years?

CONCLUSIONS

Understanding your personal characteristics, required business skills, and demands of business ownership are critical in helping you find the business best suited to you and your interest. Honestly assessing yourself will help you determine what you need to do to acquire the skills you need, clarify your expectations, and motivate you to seek ways to keep learning as you proceed to develop your business idea.



BUSINESS CONCEPT FEASIBILITY

Many questions must be answered and certain information gathered before determining the feasibility of your business idea. Careful research and analysis will help you in evaluating your concept and assist you in assessing your idea.

DEFINE YOUR BUSINESS IDEA

The first step is to begin gathering as much information as possible about your business. You will want to read articles, books, and trade publications. It is also a good idea to visit existing businesses and begin the research and planning process.

It is important to remember that every business is unique. Taking time to explore your concept will help you identify those specific factors that make your business concept unique.



The following questions will guide you in defining your business concept. While looking for the answers, also attempt to identify the potential problems which might relate to your business idea.

- What business will you be in?
- What product or service will you provide to your customers?
- Who will buy your product or service?

- Why will your customer buy from you?
- When will your customer buy your product or service?
- How will your customer know you have products or services available?
- How much will your customers pay for your product or service?

Using the answers you have provided to the questions above, write a paragraph describing your business concept.

REDEFINE THE CONCEPT

As you refine your idea, there are business-specific issues that need to be addressed:

- What specific product or service will your business provide?
- Do you have the capability or skills to provide this product or service? If not, how will you overcome this deficiency?
- What makes your business idea, product or service unique?
- What will be your competitive advantages?
- What competitor disadvantages do you have?
- Have you identified any potential problems? If so, how will you overcome them?

In addition to looking at the business concept, you should also explore the market and the industry you are interested in by seeking out the opportunities and identifying potential problems. Answering the following questions will help you assess your market and industry:

- What industry competition exists in your town or region?
Identify your competition:
- What will you do to better provide a unique or better product or service than your competition?
- If there is little or no competition, why not?
- Are there potential international or government procurement opportunities in your product or service? If so, identify them.
- Are there emerging opportunities in the market place? If so, identify them.

“IF YOU CAN’T FEED A TEAM WITH TWO PIZZAS, IT’S TOO LARGE.”

— JEFF BEZOS, AMAZON FOUNDER AND CEO

I learned early
on to put money
away; it helps a
great deal when
times get tough.

Ndina Simeon,
bakery owner



B

BUSINESS CONCEPT FEASIBILITY

- Are current business and economic trends favourable?
- Interest rate
- Inflation
- Business climate
- Business trends
- Unemployment

After defining and refining your business idea, does it still look like a good idea to you? If so, you will now want to do more in-depth market research and analysis to better define your market and opportunity.

Define your market through research and analysis

While market research provides data and information about the industry and its customers, market analysis helps the business owner understand the business environment and the basis on which s/he must compete.

MARKET RESEARCH

Market research tells you who your customers are, where they are, and how large the potential market is.

Through research, you will be able to gather certain information and data such as:

- Demographics;
- Size of your potential market;
- Customer lifestyles and buying behaviour;
- Specifically who the customer is;
- Determine demand for your product or service.

There are two basic types of market research – primary and secondary: Primary research is research gathered first hand and through techniques like surveys, questionnaires, focus groups, or in-depth interview. Primary research can be time consuming and possibly expensive.



Remember, it is important to evaluate all aspects of your business concept and to continually balance your ideas against reality.

However, it provides the business owner with the opportunity to hear customer feedback and act accordingly.

Primary research methods

- Surveys
- In-depth interviews
- Competitor analyses
- Questionnaires
- Focus groups
- Tracking customer response to advertising and promotion
- Website and social media metrics



“DON'T WORRY ABOUT PEOPLE STEALING YOUR DESIGN WORK. WORRY ABOUT THE DAY THEY STOP.” — JEFFREY ZELDMAN, A LIST APART PUBLISHER



Secondary research is already published research. It includes sources like directories, industry journals, and association publications. Secondary research is accessible, less expensive, can be conducted on a continuous basis, and can be combined with the business owner's knowledge of the business, geographical conditions, and customer base. The business owner can informally tailor the research findings to meet the needs of the business.

Define your market through research and analysis

While market research provides data and information about the industry and its customers, market analysis helps the business owner understand the business environment and the basis on which s/he must compete.

Secondary research sources (Available at many libraries)

- Business directories
- Industry reports
- Newspapers
- Business magazines
- Trade publications
- Market analyses

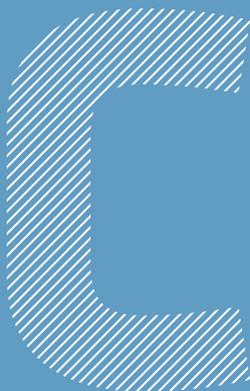
INDUSTRY ANALYSIS

- Namibia Chamber of Commerce and Industry: www.ncci.org.na/
- Bank of Namibia: www.bon.com.na
- BMI Research: <http://www.bmiresearch.com/namibia#or>
- Vision Africa: <http://www.vision-africa.com/what-we-do.php>
- IJG: <http://www.ijg.net/index.html>
- Field Africa: <http://www.fieldafrica.com/about-us/>

Enhancing your chance for success

There are always risks in starting a new business. As a business owner, you will want to lower your risks by incorporating the following ideas into your start-up plan:

- Plan ahead.
- Make sure you have experience in management and in the type of business you want to start.
- Try to best use your strengths and interest in the most appropriate way.
- Make decisions based on facts or reliable information; don't make hasty decisions.
- Seek the support of your family during the start-up phase and difficult times.
- Seek advice from a counselor, accountant, lawyer, or others.
- Talk to others in the same business.
- Be persistent, and DON'T GIVE UP!



EXAMINE CRITICAL ISSUES AND MAKE IMPORTANT DECISIONS

As you explore starting your own business, you will find there are many decisions which must be made and important issues to consider in order to minimise your risk and increase your success.

Four important topics covered in this section are:

- Entry options
- Selecting and using professionals
- Selecting a business location
- Minimising your risks

Entry options

You may be considering starting your own business as a result of a life situation triggering your entrepreneurial desires. Such events could include corporate down-sizing, an accident that limits your physical abilities, or receipt of an inheritance. There are many reasons why people want to go into business for themselves, and there are various options for entering a business of your own. The most common entry options are:

- Buying an existing business
- Buying a franchise
- Starting a new business

BUYING AN EXISTING BUSINESS

Purchasing an established business can lighten the burden of start-up costs, lag time without a salary, establishing markets, and other costs associated with the creation of a new business. Established businesses may have existing goodwill - intangible (non-monetary) assets such as reputation or historical value.

The decision to buy a business requires careful evaluation of many factors, including pricing and financing your purchase.

The potential buyer must understand the criteria for selecting a business as well as the motivation for wanting to purchase the business.

Consideration should be given to the following:

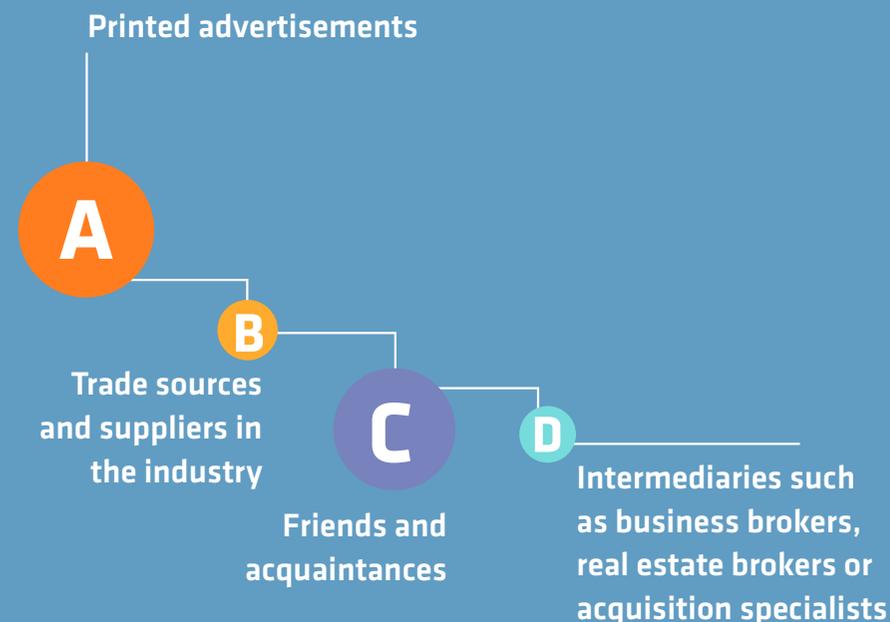
- What is your experience with the industry and/or management?
- Does the business match your strengths?
- Is the business what you enjoy doing?

- Is it in a desirable location?
- What are you willing to invest?
- Can you get financing?
- What size business do you desire in terms of sales, profit, and employees?
- Is the business fairly priced?
- Is it profitable?

If the business under consideration has a product or service outside your area of expertise, it is important to make certain that the key employees will stay after the sale or that you can hire someone with similar experience.

Finding a business for sale

Finding a good business opportunity is not always easy. Sources to consider:



“CHASE THE VISION, NOT THE MONEY, THE MONEY WILL END UP FOLLOWING YOU.” — TONY HSIEH, ZAPPOS CEO

Evaluating the business

As a buyer, first evaluate a business by reviewing its history and the way it operates. Develop an understanding of the business' method of acquiring and serving its customers, determine how it generates its sales, learn its marketing strategy, and develop an understanding of its finance and operations functions.

Checklist of material for the evaluation process

Obtain the following information from the existing business:

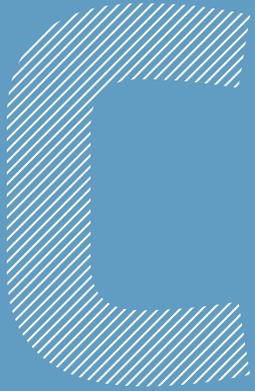
- 3-5 years financial statements
- 3-5 years tax returns
- Interim financial statements
- Copies of all real estate, leases, or deeds
- Debt schedule
- Accounts receivable and aging schedule
- Accounts payable and aging schedule
- Inventory list
- Supplier list (including contracts)
- Customer list (including contracts)
- Projections
- Organisational charts and employee contracts
- Industry information to which the owners may have access
- Details of equipment leases and other contingent financial commitments

Important questions

Evaluate the business' potential according to your goals, employer responsibilities, product or service demand, market, and financial considerations.

Ask and get answers to questions regarding all aspects of an existing business before entering any purchase agreements. Start with basic questions like those listed below. Others may be required depending on the specific business:



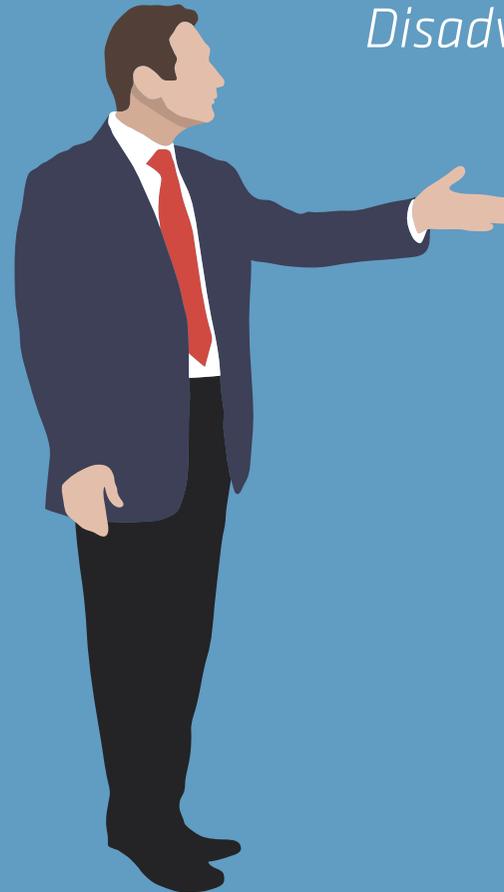


EXAMINE CRITICAL ISSUES AND MAKE IMPORTANT DECISIONS

- Why is the business for sale? Has it been making a profit? If not, do you have a plan to make the business profitable?
- What kind of reputation does the establishment have currently? How would you change that reputation? What is the price of goodwill? What is the consistency of the client base – a few large clients or many smaller customers?
- Will the sale include equipment, property, inventory, debts, employee contracts, name, logo, slogans, signage, customer files, etc.?
- Are all of the books in order and well maintained?
- Have you reviewed the past and current financial statements with the counsel of an accountant?

Advantages of a franchise

- Some require relatively small capital investment with franchise financing
- Initial corporate support for start-up
- Continuous management training and counselling
- Existing goodwill and brand name appeal (sometimes)
- Standardised quality of goods/services
- Proven products and business format
- Some opportunities require no prior experience in that business field
- Buying power and programmes
- Development of advertising and promotions programmes (both local and national)
- Site analysis
- Proven business model



Disadvantages of a franchise

- Are there any liens against the property for sale? Are there any claims on inventory or equipment? Have the taxes been paid to date?
- Have you reviewed existing business contracts and the effect of the transaction on those contracts?
- Are they loyal because of a personal relationship or because of the level of quality service?
- Will the lease be transferred into your name or will the owner require a new lease? Is the location suitable for your plans? Are there any environmental concerns with this location? Are there licensing concerns?
- What liabilities exist?

- Complicated legal negotiations
- Restrictions on purchasing
- Franchising fees
- Required to share portions of business profits with corporation (sales/royalties)
- Loss of personal control over some aspects of operation (e.g., use of name/logo for advertising, territory, uniforms, product purchasing requirements)
- Less freedom and opportunity for creativity
- Potential problems if owner wants franchisor to buy franchise back
- Limited control over pricing, product lines, and suppliers
- Human Resources policies may be instituted by corporation (potentially unsatisfactory training programmes)
- Actions by the corporation may affect business of franchisee (especially new store locations close to yours)

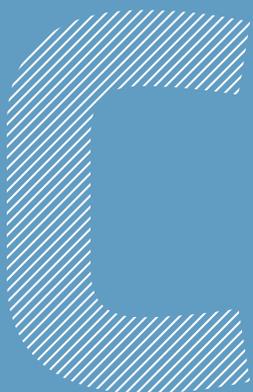
“THE VALUE OF AN IDEA LIES IN THE USING OF IT.”

– THOMAS EDISON, GENERAL ELECTRIC CO-FOUNDER



Success requires a thick skin; learn to accept and employ criticism

Elton van Wyk,
panel beating business



EXAMINE CRITICAL ISSUES AND MAKE IMPORTANT DECISIONS

- What policies have been established with the employees regarding work environment, salary/commissions, benefits, vacation pay, and fringe benefits?
- Will the owner be cooperative with the transition of ownership with regard to tax issues, utility transfers, government requirements, employees, and other procedures?
- Are there any environmental issues with respect to your chosen business?
- If using a broker, do you realise s/he is representing the interest of the seller?
- Is the seller willing to sign a non-compete agreement?
- Will the seller agree to a contractual arrangement for a period of consultation?
- Consider whether owner is willing to finance all or some of the purchase price.

The services of an accountant, lawyer, and banker are recommended when buying an existing business.

Investigation and research will be crucial to uncovering as much information as possible about the business for sale.

BUYING A FRANCHISE

Franchising has emerged as a popular way for potential business owners to start a new business. A franchise offers advantages in name and product recognition, proven operation procedures as well as volume purchasing power. In this arrangement, the provider, or franchisor, contracts with you, the franchisee, to give you the right to sell or distribute a service or product under the franchisor's system in a particular area. As with any opportunity, both advantages and disadvantages must be examined before a decision to invest is made. Locate a list of lawyers specialising in franchise negotiations while in the research stage. Once a franchise opportunity has been selected, retain a lawyer for every step of the negotiations. The negotiations serve as the foundation of the franchise. Working with the lawyer, set policies and agreements that will enable the franchise to thrive now and in the future. All obligations, rights, privileges, risks, opportunities, assets, and liabilities must be detailed and agreed upon by all parties before the contract is signed.

STARTING ENDEAVOUR NEW BUSINESS

Starting your own business can be a very exciting endeavour.



“MAKE EVERY DETAIL PERFECT AND LIMIT THE NUMBER OF DETAILS TO PERFECT.” — JACK DORSEY, TWITTER CO-FOUNDER

It allows you great freedom and opportunity to explore and develop your own business idea. It is an opportunity for you to exercise your creativity and thinking ability to do the following:

- Research your business idea
- Develop a strategy
- Determine your marketing approach
- Address key operational issues
- Make your own decisions
- Develop your business idea from the ground up

Successfully starting your own business can provide a sense of accomplishment and satisfaction in knowing you did it yourself. However, if the business fails, you must assume all the liabilities and emotional strain that goes with it. There are many misconceptions surrounding owning one's own business. Consider the following common misconceptions:



Follow the QVR Code on social media / #QVRFAQ

 Quinton van Rooyen

 @qvr_

 @trustco_group

I will be my own boss.

Being your own boss does not mean you can play golf or go fishing anytime you want. The reality is that the business and your customers become your boss and can demand 50-65 hours per week.

I can get rich overnight.

Small business and free enterprise provides a great opportunity to build wealth; however, it will take time. Studies indicate that more than a third of small businesses that grow significantly do so after 10 or more years of existence.

I can expect immediate income from my business.

This is not likely. Generally, it takes 6-12 months before a new business can start to pay the owner a decent salary. You should have a cash reserve or savings to provide financial support for you and your family during the start-up phase.

I can start my business with little or no money.

Poor capitalisation is one of the major causes of business failure. Lack of capital results in negative cash flow, which can result in poor business decisions and serious credit problems.

I will incorporate my business and use other people's money.

Many books and articles have been written about using OPM (other people's money). It is difficult to borrow your way to wealth as a new business. The corporate shield probably will not protect you in case of failure. Most banks today will require you to personally guarantee the corporate loans for start-up businesses. Consequently, all your assets will be at risk. You might ask, "How do I know what kind of business to start?" or "How are businesses formed?"

Business ideas emerge in many ways. Examples are:

- Finding and meeting an unfulfilled market need
- Building a business on an existing customer relationship
- Spinning off a business based on your experience and knowledge
- Capitalising on a new invention or technology
- Growing a part-time business or hobby into a full-time opportunity

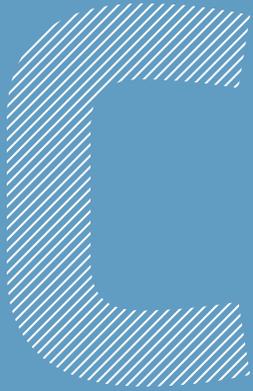
You must decide what kind of business you want to start. It is also important to examine yourself and decide what you want from the business. Keep in mind that starting a business requires careful thought and planning. Many aspects of the business must be considered, including legal issues, financing, marketing concerns, employee relations, accounting procedures, equipment purchases, and location.

Research, preparation, organisation, and planning are critical in a start-up venture to minimise risk and enhance your chance for success. Contact your small business assistance providers to assist you during this critical time.

Selecting and using professionals

Starting your own business involves many decisions, which often seem overwhelming. It has been shown that there is a strong correlation between using outside professionals and business success. In today's business world, where many new businesses fail within the first five years, it only makes sense to increase your chances for success by seeking the broad experience and expertise that professional resources and advisors can provide.

Outside advisors can assist you in making decisions based on facts, not wishful thinking.



They can also provide a reality check and give you insight in starting and guiding your business.

There are two important categories of advisors: informal and professional.

Informal advisors include:

- Other business owners
- Friends and family
- Members of other entrepreneurial groups or projects
- Members of your board of directors

Most professional advisors will expect to be compensated for their assistance while informal advisors typically only need to be asked to help.



Professional advisors include:

- Lawyers
- Accountants
- Bankers
- Insurance agents
- Marketing professionals
- Consultants
- Small business assistance providers

When selecting a professional advisor, look for a skilled advisor who meets your needs. Attributes you should look for include:

- Strong professional skills and knowledge
- Integrity
- Small business orientation
- Engaging and creative

- Positive attitude
- Willing to listen
- Team member and advisor

Selecting the right professional advisor will not only provide advice and consistency to help your business succeed, but s/he can also be instrumental in identifying other professional team members.

To go about finding the right professional advisor, you should:

- Ask small business assistance providers
- Ask other business owners
- Call the professional and schedule an appointment. Interview them as you would an employee. Be sure to request references.
- Look for a comfort level and confidence; confidence in their integrity, discretion, and concern for your business.

If you already have a good relationship with a banker or other professional, s/he is a good source of referral.

Selecting a business location

Location is more important to some businesses than to others. The importance of the location is determined by certain characteristics of the business.

Factors that must be considered:

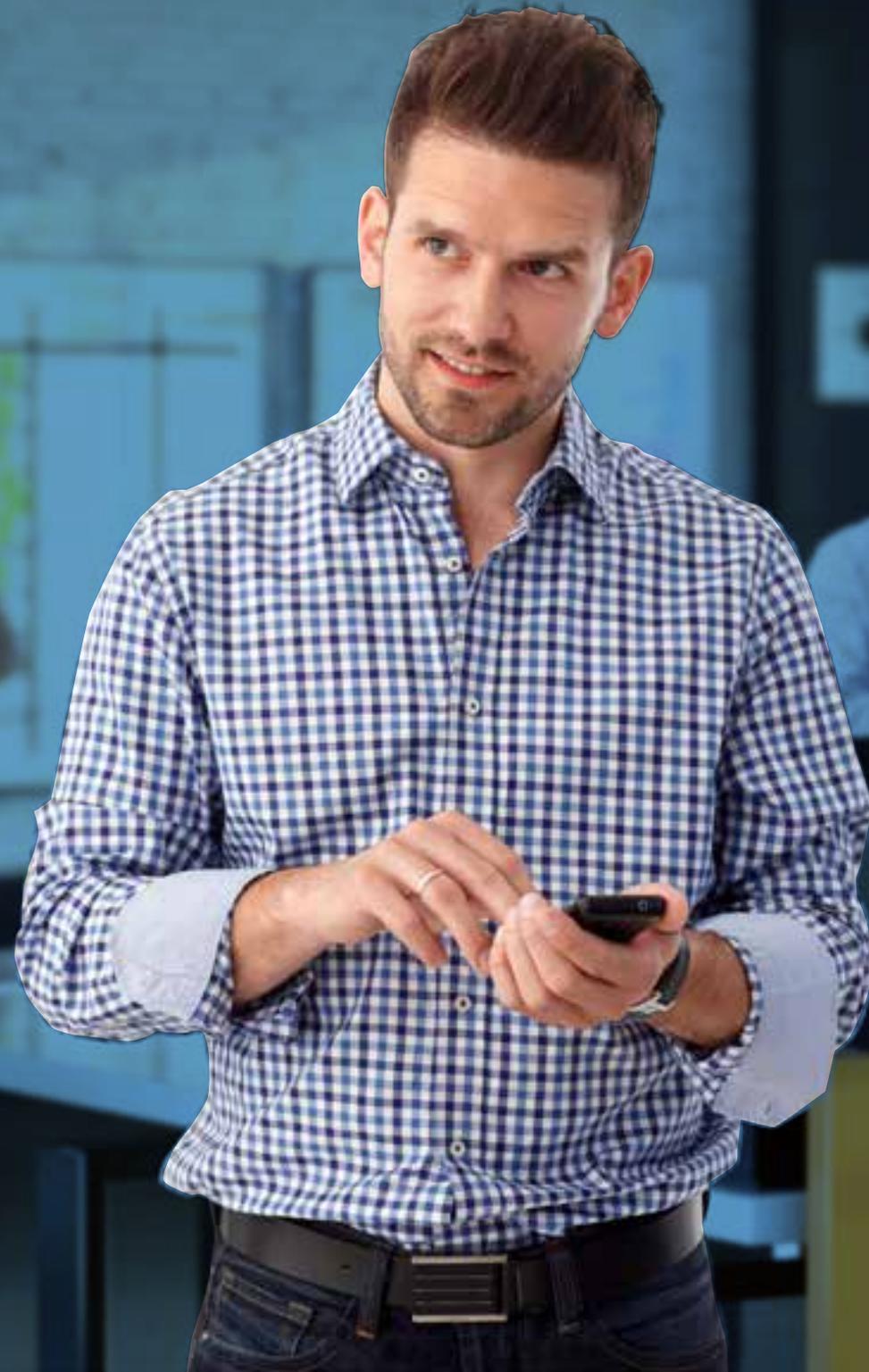
- Do customers travel to the business or do employees travel to the customer?
- Is convenience a key factor in relationship to what your business offers the customer?
- Is your business offering a special product with little accessible competition?
- Will your product or service require a specific location?
- Will proximity to vendors and customers play an important role in your location?
- Are transportation, labour, utilities, local taxes, zoning, and other regulations critical factors to consider in your site selection?
- Do traffic flow, parking and other business establishments impact your site selection?
- How much space is required?

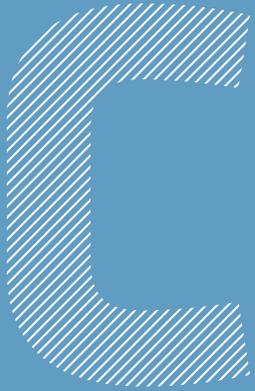
“YOUR WORK IS GOING TO FILL A LARGE PART OF YOUR LIFE. AND THE ONLY WAY TO DO GREAT WORK IS TO LOVE WHAT YOU DO.” — STEVE JOBS



You must learn
to accept when
something is
not working,
and better it

Jason Borne,
sound engineering business





EXAMINE CRITICAL ISSUES AND MAKE IMPORTANT DECISIONS

- Do you need expansion capability?
- Should you lease or buy a facility?
- What are the terms of your lease, if leasing?
- How is your rent determined? (Rent = cost of space + advertising)
- What are the insurance requirements?
- Do you understand home-based business expenses and requirements?
- Do you understand the zoning requirements?

These questions represent some of the issues that need to be answered before making a business site selection. Additional questions and information may be required depending on whether your business is a service business, retail store, or manufacturing facility.

Local resources are available to assist you with your site selection.

Minimising your risks

Risks abound in the business world. As an entrepreneur, you will want to protect your interest and minimise your risk from the beginning. The time to address these important issues is during the planning stage. Advice of professionals in accounting, insurance, banking, and law will help you make decisions to minimise your risks and to identify your best protection options.

Insurance protection

Insurance protection is an important consideration in minimising risk. Oftentimes business owners lack expertise when it comes to insurance needs.

Basic steps in developing an insurance programmes are:

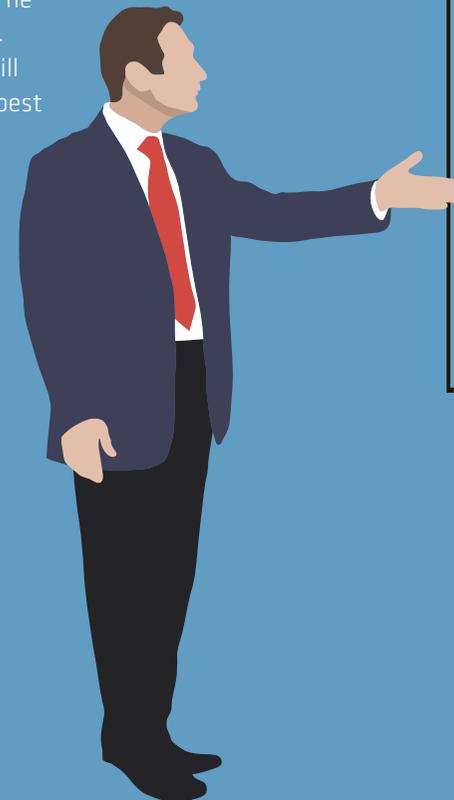
- Review your current coverage
- Identify your insurance needs
- Develop a plan (including the cost)
- Seek professional advice

Most businesses will require the following types of insurance:

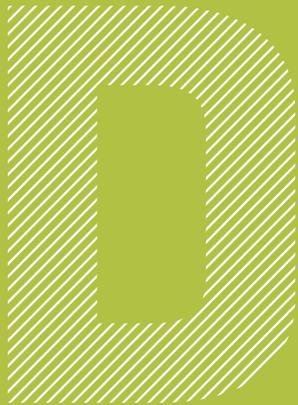
- Fire insurance
- Liability insurance
- Automobile insurance
- Employees' compensation insurance - Social Security

Depending on the type of business you are starting, other coverage you may need includes:

- Business interruption insurance
- Crime insurance
- Group life insurance
- Key man insurance
- Disability insurance
- Bonding




Most banks require insurance as a condition of their loan. List the things you must now consider in order to buy an existing business, start a business, or purchase a franchise.



DEVELOP YOUR BUSINESS PLAN

An effective business plan serves at least four useful purposes:

- It helps you focus your ideas.
- It creates a track for you to follow in the early stages of business growth.
- It creates benchmarks against which you can measure progress.
- It provides a document for attracting equity or debt financing.

The business plan brings together the goals, plans, strategies, and resources of a business. By developing a comprehensive plan prior to commencement of operations, it can minimise risk and may save you from significant financial and professional losses resulting from an unprofitable business.

There are many different suggestions for organising and presenting a business plan. Organise and prepare your plan so that it meets your style and needs as well as the needs of those who will read it.

Following are the elements that are important in a comprehensive and detailed plan. Let this serve as a step-by-step guide to help you gather and evaluate your thoughts and develop your plan.

I. Cover page

- A. Include the name, address, and phone number of business.
- B. Give your plan a professional appearance by printing it on high-quality paper and placing it in a vinyl or cardstock binder.
- C. Name of company
- D. Company address
- E. Company phone numbers
- F. Logo (if you have one)
- G. Names, titles, and addresses of owners
- H. Month and year in which the plan was completed
- I. Indicate that the plan is “Confidential”

II. Table of contents

III. Executive summary

The executive summary is a brief, one-page summary representing the various sections of your business plan. Address the following questions and add additional information that will help you achieve your goals.

NOTE: The executive summary is written last, but is the most important part of your plan.



IV. Background information

A. Business concept

- a. Mission statement
- b. Goals and objectives of business
- c. Description of business

B. Answer as many of the following questions as are appropriate:

- a. What business are you in?
 - i. Merchandising
 - ii. Manufacturing
 - iii. Wholesale
 - iv. Service
- b. What is the nature of your product(s) or service(s)
- c. What will be special about your business?

C. What market do you intend to serve?

- a. What is the total market?
- b. What is your expected share?

“ALWAYS LOOK FOR THE FOOL IN THE DEAL. IF YOU DON’T
FIND ONE, IT’S YOU.” —MARK CUBAN, ENTREPRENEUR



There isn't
really 'a good
time' to start a
business, just a
strong will and
a plan.

Tom Taylor,
Agritourism business





DEVELOP YOUR BUSINESS PLAN

D. How can you serve the market better than your competition?

E. Present status of the business:

- a. Start-up
- b. Expansion of growing concern
- c. Takeover of an existing business

F. If you will be doing any contract work, what are the terms?

G. Reference any firm contracts and include them as supporting documents.

H. Do you have letters of intent from prospective suppliers? Include these.

ADD FOR EXISTING BUSINESS:

- I. What is the history of the business?
- J. Why does the owner wish to sell at this time?
- K. If the business is declining, why? How can you turn it around?
- L. How will your management make the business more profitable?
- M. What changes do you plan to make in the business?
- N. What is the purchase price formula?
- O. Give breakdown for building, improvements, equipment, inventory, and goodwill.

NOTE: If your business will be a seasonal business, make sure the seasonality is reflected in your narrative and financial projections with appropriate footnotes.

V. Description of products or services

- A. Features of proposed products/services
- B. Describe benefits to your customer
- C. Intellectual property and proprietary rights issues
- D. Production plans
- E. Future products/services

VI. The market plan

A. Description of industry

- a. Background of industry
- b. Current and future industry trends
- c. Business fit in industry

B. Your market

- a. Customer profile and target market
- b. Description of your trade area
- c. Size of your market
- d. Market potential
- e. Market trends

C. Competition

- a. Direct competition – Businesses with the same product or service and same target market.
 - i. Include three to five businesses and locations.
- b. Indirect competition – A product that is in a different category altogether but which is seen as an alternative purchase choice.
 - i. For example, coffee and mineral water are indirect competitors.
- c. Evaluation of competition – Strengths, weaknesses, size, age, status.
- d. Your competitive advantage
 - i. Briefly describe your competition and tell how their operations are similar AND dissimilar to yours.
 - ii. What is your unique selling proposition, and how will you use it to control your market share?

D. Market strategies

- a. Market positioning
- b. Marketing tactics
- c. Packaging
- d. Pricing
- e. Promotion
- f. Distribution
- g. Advertising
- h. Public Relations
- i. Customer Service

IT'S NOT ABOUT IDEAS. IT'S ABOUT MAKING IDEAS HAPPEN."

– SCOTT BELSKY, BEHANCE CO-FOUNDER

VII. Management structure and organisation

A. Legal form of ownership

B. Management and personnel

- a. How does your background and business experience help you in this business?
- b. Describe your management team
- c. Identify their strengths and weaknesses
- d. What will be their duties and responsibilities?
- e. Do you have job descriptions that clearly define their duties?
- f. Are there additional resources available to your business?
- g. Will you have to train people and at what cost?

C. Describe your organisational structure, and include a brief description of who does what (include an organisational chart, if necessary)

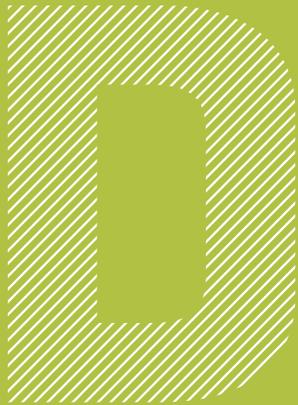
D. Are there additional resources or advisors?

VIII. Business operations

A. Business location

- a. What is your business address and why did you choose that location?
- b. Will the building be leased or owned?
- c. What are the terms and length of the lease contract?
- d. What renovations will be needed and at what cost?
- e. Describe the neighborhood (e.g., stable, changing, improving, deteriorating).
- f. What other kinds of businesses are in the area?





DEVELOP YOUR BUSINESS PLAN

B. Licences and permits

- a. Is your business name registered with the Ministry of Trade and Industrialisation?
- b. How will you be affected by local zoning regulations?
- c. What other licences or permits will you be required to obtain?

IX. Financial plan

A. Start-up investment requirements

- a. Start-up costs
- b. Business needs/capital equipment list
- c. Source and application of funds statement

B. Cash flow projections

- a. Monthly estimate of revenue and expenses
- b. Assumptions – The basis upon which the revenue and expense numbers are determined.
 - i. For example: Revenue of N\$5,500 per month calculated using the following assumptions: 4 sales calls per day x 22 days per month x 25% sell-through rate x average sales of N\$250.
- c. Projected income statement
 - i. Detail by month for the first year
 - ii. Detail by quarter for the second year
 - iii. Notes of explanation and assumptions
- d. Projected balance sheet (with notes of explanation and assumptions)
- e. Break-even analysis (at what level of operation do your expenses equal your sales?)
- f. Summary of financial plans and needs

C. For an existing business (include one or more of the following)

- a. Income statements
- b. Balance sheets
- c. Tax returns for past three years

X. Conclusion

- A. Statement of feasibility
- B. Action plan
- C. Supporting documents



TIPS FOR WRITING A GOOD BUSINESS PLAN

TIPS FOR WRITING A GOOD BUSINESS PLAN

- Keep it simple and focused
- Make it easy to read
- Use understandable language, a layout that is pleasing to the eye, and charts or graphs to explain difficult concepts
- Be objective
- Review the plan with the critical eye of an outsider who doesn't know your business and isn't committed to the business



- Be honest
- Acknowledge your weaknesses as well as your strengths
- Review and revise the document regularly
- Consider your business plan a “living” document
- Schedule periodic revisions to keep it current
- Get your staff to participate in the development of the plan
- Not only will they have good ideas for improving it, they will work harder to support something that they helped to develop

MISTAKES TO AVOID WHEN CREATING A BUSINESS PLAN

- Submitting a “rough draft” of the business plan.
- Coffee stains and crossed out words indicate to the reader the owner is not serious about the business – there are a number of businesses or printers that can help the small business owner with professional quality presentations.
- Outdated historical financial information or industry comparisons will indicate a lack of current research and investigation on the owner’s part.
- Unsubstantiated assumptions can undermine a business plan.
- The owner must anticipate doubts or questions about every point of the plan.
- Failure to consider potential problems will lead the reader to view the plan as unrealistic.
- A lack of understanding of financial information is a drawback.
- If an outside source is used to prepare financial statements, the owner must fully comprehend the information.
- Absence of any consideration of the impact of outside influences on the business is a problem.
- The owner needs to discuss the potential impact of competitive factors as well as economic

factors at the time of the request.

- Difficulties will arise if there is no verification of 30% investment by the owner. The lender will typically expect the potential owner to have at least 30% equity in potential business.
- If the owner does not or cannot personally guarantee a loan, questions will arise.
- Proposing unrealistic loan repayment terms.
- After the lender evaluates the viability of a business, s/he will discuss realistic loan terms.
- Too much focus on collateral is a problem in the business plan. Even for a cash secured loan, the banker is looking toward projected profits for repayment of the loan. Emphasis should be on cash flow.

CONFIDENTIALITY

The business plan contains sensitive information about every aspect of the business and the personal financial status of all owners. Therefore, it should be treated like a top-secret document. All copies should be consecutively numbered and strictly accounted for in writing. All recipients of the plan must sign an agreement that s/he will not make copies of the plan or disclose details to anyone other than financial advisors. The receipt also requires that if the person is not interested in investing in the company’s future growth, the business plan will be returned. Distribute the business plan on a strict “need-to-know” basis for the protection of the business and all those involved.

INTERNET RESOURCES

- **National Youth Council:** www.youthcouncil-namibia.org/docs/BusinessPlan.pdf
- **Namibia Business Innovation Institute:** <http://nbii.polytechnic.edu.na/entrepreneurs/resources-publications/templates/>
- **Ministry of Agriculture, Water, and Forestry:** www.mawf.gov.na/.../business+template/97daf8ca-c92f-40a6-b8b2-edeee98b4936

ACTION ITEMS

Now’s the time to complete your business plan. DO IT NOW!





One key to the successful start-up and expansion of your business is your ability to adequately capitalise your company. Raising capital is an ongoing activity throughout the life of a business. Many entrepreneurs quickly discover finding financing is not always easy and often results in a frustrating experience. With proper information, preparation, and planning - and realistic expectations - you should be successful in accomplishing your financing needs.

Getting the funding you need

Where do you go to find financing for the operation and expansion of your small business? The answer depends on several things:

- How much money do you need?
- What personal financial resources are you willing to invest in the business?
- How long have you been in business, and what is your track record?
- How much are you willing to give up, either in cost of credit or ownership of the company, to get the money you need?

Start close to home

Most small business owners suggest that you search “close to home” for funds during the early stages of your company. A majority of SMME owners used personal savings, loans from friends and relatives, or obtained personal loans from banks to fund the start-up of their companies.

Once you establish a profitable track record, you will find that it’s easier to get financing, and then you will have a greater variety of funding sources to choose from.

Equity vs. debt funding

There are two basic types of funding for a small business – equity and debt. You need to decide which type best suits your needs.

Equity funding requires that you sell a partial interest or ownership in your company. In return for their money, equity investors ask for a share of your profit.

Sources for equity funding include private investors, venture capital firms, and friends and relatives.

Debt funding is simply borrowing the money that you need to finance operations and growth. Like automobile loans or mortgages, you enter into a legal obligation to repay the amount of money borrowed. Debt funding, or credit, is available from banks, non-bank institutions (such as asset-based lenders and brokerages), and friends and relatives.

Business loans

This category of credit is the most traditional and widely used among businesses. Listed below are the most common forms of business loans used by small businesses:

TERM LOANS

These are simply installment loans that are paid back at regular intervals over a specified length of time. These loans are granted for a specific purpose, such as for working capital or an upgrade of equipment, but it can range from short-term (less than one year) to long-term (more than five years).

DEMAND NOTES

A demand note is a single-payment loan that is intended for very specific short-term needs. Although the contract will usually call for payment in full within 90 to 180 days, the lender can call for (or demand) repayment of the note at any time. You may be asked to make periodic interest payments during the life of the note.

LINES OF CREDIT

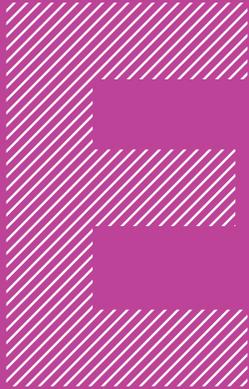
A line of credit, like a credit card, establishes a credit limit and specific terms for repaying money that is borrowed. Lines of credit are easy to access and offer flexibility in managing the cash flow needs of a small business. Many small business owners establish a line of credit as a precaution, before they have a real need for the money.

“DON'T WORRY ABOUT FAILURE; YOU ONLY HAVE TO BE RIGHT ONCE.” –DREW HOUSTON, DROPBOX FOUNDER AND CEO



**A wish list is
just that, until
you get up
and bring your
ideas to life.**

Sanette Fritz
Arts & Crafts business



Lines of credit are usually linked to short-term assets such as accounts receivable, inventory, materials, etc.

GOVERNMENT - ASSISTED LOANS

There are several loan programmes in which the government either directly lends to small business owners or provides a guarantee of repayment for other small business lenders. Government-assisted small business loans are offered by entities such as the SME Bank, while the Ministry of Trade and Industrialisation also offers support through its Business Support Service Programme. Government-assisted loans, like bank loans, usually require that the small business owner have their own money invested in the business in order to share the risk with the lender.

How to choose a banker

Choosing a bank, or more precisely a banker, is one of the most important decisions that a new or young business can make. A good banking relationship can make the difference between life and death of a business during difficult times.

Because the choice of a banker is such an important decision, the new business should shop around before making a choice. The key watchword when choosing a bank should be service. Specifically, some important criteria in choosing a banker should include:

- **Size of the bank:** A bank that is too small may be appropriate while your company is small, however, they may not be able to service your needs for larger loans as your company grows. A bank that is too large may be indifferent to your needs while your company is small.
- **Familiarity and desire to work with small businesses:** Some institutions maintain policies that are favourable to working with small businesses. They tend to be more familiar with special problems of the young and growing companies.
- **How the bank will react to your problems:** Will they foreclose the first time a payment is late, or will they be willing to give you some extra time to meet your debt schedule?



- **Is the bank helpful:** Will they go out of their way for you, or are you just another account number?
- **Does the bank have some special experience in your industry:** A bank familiar with your industry is more likely to be tolerant of your problems and familiar with the workings of your company.
- **Is there good personal chemistry:** Do you feel comfortable with your banker? Do you feel they are responsive to your needs and really care about your business operation? This is probably one of the most important considerations.

“GET FIVE OR SIX OF YOUR SMARTEST FRIENDS IN A ROOM AND ASK THEM TO RATE YOUR IDEA.” – MARK PINCUS, ZYNGA CEO



On virtually every loan, a bank will make reservations or restrictions. Examples of loan restrictions include the following:

- Restrictions on the level of borrowing
- Minimum working capital levels
- Pledging other assets as loan collateral
- Keeping adequate insurance on people and property
- Maintaining your equipment
- Submission of financial statements and tax returns to the lender

Failure to comply with any covenant or restriction can put a loan in default and give the lender the right to call on you to pay the balance of the loan. Loan restrictions are often as important as the interest rate. Therefore, you should compare loan restrictions when you have the chance to choose between two different banks.

For example, a restriction on the amount that can be borrowed in the future could severely limit the growth of a firm and cause a crunch on cash flow. Before borrowing, the business person must decide which restrictions are acceptable.

What a lender looks for

A lender wants to be assured that your company can and will repay the loan as agreed, and that the loan will not saddle you with too much debt, which could cause financial problems for you.

To get this assurance, the lender will evaluate your business plan to learn about you, your associates, your objectives, and your plans for the company.

The lender will be looking for the “Five Cs” of credit:

1. Capital

- How much of your own money do you have invested

in the business?

- How much money do you have in reserve, in case of unexpected needs?

2. Collateral

- What is the fair market value of the security that you are offering to guarantee repayment of the loan?
- Does it meet the classic criteria for good collateral?
- Ease of transfer of title
- Low cost/no cost to maintain/service
- Increasing in value
- A ready and liquid market

3. Capacity to repay

- How much profit will your company generate?
- Will your cash flow provide you with enough money on a regular basis to cover the repayment of the loan?
- Are your projections for sales and profits realistic when compared to other firms in the same industry?

4. Conditions

- What are the economic, demographic, and regulatory trends which impact your business?
- What terms can be negotiated to allow the bank to evaluate the risk/reward considerations?

5. Character

- What is your track record – personal and professional – in managing finances and paying credit obligations?
- Who are the key managers in your business; do they have the experience and the ability to run this business successfully?

HOW WILL LENDERS EVALUATE YOUR PROPOSAL?

Lenders have rules and policies to follow in the determining the risk and feasibility of your plan and evaluating your loan

proposal. In addition to business and financial projections, a lender will look for six important factors:

1. Equity

The lender expects the borrower(s) to have already invested from 10 to 30 percent of the loan amount. If your business has existed for less than three years, plan for 30 percent.

2. Debt-to-worth ratio

This is usually most critical on the first day after loan approval and at the end of the first year of operation. This ratio is calculated from the balance sheet at dates which the lender will predetermine.

3. Collateral

Lenders require sufficient collateral to protect assets which reflect the following liquidity:

- Certificate of deposit 100%
- Real estate 75-80%
- Stock (publicly traded) 75%
- Vehicles 75-85%
- Equipment 50-75%
- Accounts receivable 50-75%
- Inventory 0-50%

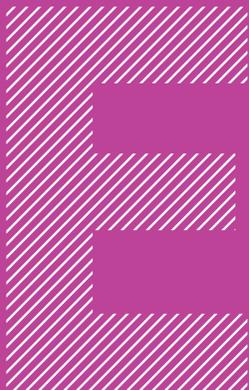
4. Ability to carry debt service

The cash flow projections normally reflect this.

5. A secondary source of repayment Important especially in start-up venture (e.g., spouse has a full-time position)

6. Personal guarantees

All parties to the loan request must be willing to pledge guarantees. Personal guarantees state that the borrowers truly believe in their venture.



TIPS FOR GETTING AND USING SMALL BUSINESS CREDIT

- Be straightforward and honest in dealing with lenders. Stress your strengths, but admit your weaknesses. If you've had credit trouble in the past, be open about discussing what went wrong and how you corrected the problems.
- Be prepared with a business plan. A business plan is your best representative for communicating your plans and expertise to a loan officer.
- Understand what you are getting into. Make sure that you clearly understand the repayment terms and the cost of the credit you've chosen.
- Be patient. Not everyone will get a loan the first time out. If you don't, make sure you understand why you did not qualify and what you need to do in order to be approved in the future.
- Understand the risk associated with borrowing. You will be expected to provide security for your loan which means putting your personal assets at risk.
- Only consider financial institutions that are registered with NAMFISA and Bank of Namibia so that you have the legal right to complain. Shop around; do not take the first loan offer.
- Keep the loan term as short as possible to reduce the total cost of borrowing, but always consider your disposable income.

ACTION ITEMS

- Application
- Loan amount
- Statement of purpose for the loan proceeds (itemise usage of funds)
- List start-up expenditures (e.g., capital purchases, start-up expenses, licences, deposits, fees)
- Equity injection from owner: What amount, source, and type?
- Include three years of past balance sheets and profit and loss statements
- Current balance sheet of business
- Tax returns for past three years

- Cash flow, financial projections
- Month-to-month cash flow projections for twelve months with two years of quarterly projections
- Justification of line item assumptions (i.e. What is the basis for your sales figures?)
- Pro forma balance sheet and projected profit and loss statements for three years
- Break even analysis
- Résumés of key people
- Business plan
- History and description of industry

BE STRAIGHTFORWARD



**ADMIT YOUR
WEAKNESSES**

BE PREPARE

WATCH THIS
SPACE!

