

## **APPENDIX**

### SAMPLE BUSINESS PLAN

#### Introduction

##### **Business Description**

A brief description of your business; product type, industry and target market and competitive position as compared to your rivals

##### **Current Position of Company**

Date of incorporation and at what stage the company is at now

- For new businesses:
  - How advanced is the business; has key staff been hired, production commenced, sales made etc.?
- For existing business:
  - State the sales and profits of the company for the last three years

##### **Financing Request**

- State the type, amount, purpose, expected loan release date and expected loan repayment period
- New businesses should identify the sources of start-up capital of the company i.e. from shares/paid-up capital, advances from directors, family, third parties, external borrowings etc.

Examples:

### Working Capital Financing

#### **Types and limits**

Overdraft, trade facilities (trust receipt, banker's acceptance)

#### **Purpose**

To finance shortfall/gap in working capital (WC) requirement

#### Computation of RM Value of WC Requirement

Example:

	<u>Days</u>
Debtors credit terms	90
Stock turnover	60
	<u>150</u>
<u>Less</u>	
Creditors credit terms	<u>(60)</u>
Asset Conversion Cycle	<u>90</u>

If the forecasted sales turnover is RM5 million, then the Working Capital Requirement will be  $90/365 \times RM5.0$  million = RM1.23 million

## Capital Expenditure Financing

### **Types and limits**

Term loan, leasing, hire purchase, margin of financing required, source of borrower's own contribution

### **Purpose**

- To finance fixed assets acquisitions e.g. purchase of properties, machinery
- To finance cost of construction for factory/shophouse

### **Details**

- Type, brand/make and cost of fixed assets to be acquired and its economic life span
- Construction cost supported by relevant supporting documents

### **Repayment terms**

- Method
- Amount (based on cashflow projections/income)
- Period/tenure
- Expected date for the first repayment to commence

### Business Objectives and Vision

You should highlight your vision of what you would like the business to evolve into and achieve in the future

### Description of Product and Services

- Provide a description on the type of product(s) manufactured/service(s) provided
- State which part of the supply chain i.e. as a service provider, manufacturer (Original Equipment Manufacturer (OEM) or a supporting industry), marketing/sales agent, wholesaler, supply contractor, construction etc
- Volume of sales or production per annum
- Nature of business cycle; regular or cyclical
- Nature of products

### Industry and Competitor Analysis

- Provide a brief overview of the industry's structure and characteristics; the degree of competition and entry barriers
- List out the company's key competitors, their market share, strengths/weaknesses compared to the company's own position
- Identify the threats, risks and opportunities present

### Business Strategy

- The development of a right strategy is crucial for the eventual success of the business
- The strategy should be based on your company's strengths and critical success factors in respect of competition and industry
- Effective strategies should focus on the uniqueness or distinctiveness of your product or service
- Your company's strategy should be dynamic (i.e. adapted to address a changing operating environment in the long run)

### Generic Strategies

- Low cost producer
- Differentiation; product offering is unique
- Focus; serving a niche market, product line segment or geographic market

### Operational Requirements

#### **Personnel**

- List down type and number of staff required for key management posts, production, marketing and sales
- Source and availability of labour; skilled, unskilled, technical
- Training and incentives to retain these personnel

#### **Production/Manufacturing Processes**

- Extent of automation of production processes; technology required and technical agreements/support secured
- Types/make of key machinery used
- Production capacity/shift
- Main raw materials/components

#### **Customer Service and After Sales Support**

Provide a brief outline on the company's programme for after sales service and support to build customer loyalty, increase repeat buys and the promotion of other products/services

### **Business Cycle, Buyers, Suppliers & Terms of Trade**

- Key buyers, sales volume, frequency and collection terms
- Key suppliers, purchase volume, frequency and payment terms
- Details of concessions/contracts with suppliers and buyers
- Business cycle (e.g. list of the key milestones, period taken and terms)

### Sales and Marketing Strategies

Provide a brief outline of the company's marketing strategies for getting customers to buy your products and services in respect of its marketing mix i.e. product, pricing, channels (sales) and promotions

### Financial Forecast

- 3 forecasts are required:
  - Profit and Loss
  - Cash Flow
  - Balance Sheet
- These are to be projected on a monthly basis for the next 12 months and on an annual basis for the next 2 years
- Assumptions Used  
Provide the key assumptions used as follows:
  - % costs of key expenses, raw materials, labour, commissions
  - % of credit and cash sales
  - Credit period given and received
  - Inventory period
  - % growth per annum

Format of the profit and loss, cash flow and balance sheet projections are as follows:

**Profit & Loss Statement**

Date	Jan	Feb	March	Total Year 1	Total Year 2	Total Year 3
<b>Sales</b>						
Cost						
Less: Cost of Sales						
<b>Gross Profit</b>						
Gross Profit Margin (%)						
Less: Total Operating Costs						
Marketing & Sales Expenses						
Admin & Overhead Expenses						
<b>Operating Profit</b>						
Operating Profit Margin (%)						
Less: Non-Operating Costs						
Bank Interests						
<b>Pretax Profit</b>						
Pretax Profit Margin (%)						
Less: Income Tax						
<b>Net Profit after Tax</b>						
Net Profit Margin (%)						

## Cash Flow Projection

Date	Jan	Feb	March	Total Year 1	Total Year 2	Total Year 3
<b>Opening Cash</b>						
<b>Revenue Sources</b>						
Cash Sales						
Credit Sales						
Overdraft						
Term Loan						
Equity Capital						
<b>Cash Expenses</b>						
Cost of Sales						
Salaries & Related Expenses						
Non-Salary Expenses						
Interest						
Repayment of Loan						
Dividends						
Purchase of Assets						
Income Tax						
<b>Net Change in Cash</b>						
<b>End Cash Portion</b>						

## Balance Sheet Projection

Date	Jan	Feb	March	Total Year 1	Total Year 2	Total Year 3
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<b>Current Assets</b>						
Cash in Hand						
Trade Debtors						
Other Debtors, Deposits & Prepayments						
Amount due by Co-subsidiaries						
Stocks						
<b>Current Liabilities</b>						
Short-term Borrowings						
Trade Creditors						
Other Creditors and Accruals						
Amount due to Co-subsidiary						
Amount due to Holding Company						
Amount due to Directors						
<b>Net Current (Liabilities)/Assets</b>						
<b>Fixed Assets</b>						
<b>Term Loan</b>						
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<b>Financed By:</b>						
Share Capital						
Retained Earnings						
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