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National Industrial Development Corporation of Swaziland (NIDCS) BUSINESS PLAN GUIDELINES

General information

- Sufficient information should be provided with to convince NIDCS of the success of the business undertaking.
- It is fundamental that the foundations of the business plan are based predominantly on facts and market research, as opposed to opinion and belief. The more facts in the business plan, the easier it is to make a decision on whether or not to invest in a business.
- The plan should demonstrate that the business venture is viable and has high growth potential and that all those involved in the project, from management to employees and consultants, are able to deliver on the business plan.
- Existing commitments should be formally put in writing, as far as possible. These would include contracts with customers for the supply of goods and services, letters of intent from customers, lease agreements, offers to purchase and so on.

The business plan should have the following contents:

- 1. General overview of the business:** which entails;
 - Background/history of the business
 - Products/services being offered
 - Outline of expansion plan/stat-up

- Other material issues such as new businesses secured, change of market forces affecting the business, key risks, mitigating factors, etc.

2. Legal entity: which entails copies of;

- Registration documents.
- Income Tax and VAT documents (if applicable).
- Registered proof of address of the company.
- Tax Clearance Certificate (existing business).

3. Shareholders and management:

- Detailed CVs of all shareholders/members, directors, senior management and key personnel (include ID numbers, contact details, education and work experience).
- Details of shareholders' involvement in the business.
- Motivation that management has the necessary experience to successfully manage all aspects of the business, including manufacturing, operations, administration, human resources, finance and marketing.
- Signed (or at least draft) shareholders agreement.
- Balance sheets of all shareholders (including individuals, companies or trusts, etc.).
- Other business interests of shareholders and directors.
- Details of any other professionals assisting management, such as auditors or lawyers.

4. Organograms: These are;

- Group structure (if there is more than one company).
- Organisational chart showing all strategic departments.

5. Land and buildings: furnishing information on;

- Lease agreement or Offer to Purchase/Purchase and Sale agreement. However the corporation provides conducive industrial space for investments to operate in. Please request NIDCS for more information regarding the information required for Industrial factory shells.
- Proof that all necessary regulatory approvals have been obtained or at least applied for i.e. Swaziland Environmental Authority (SEA), Swaziland Revenue Authority (SRA), Swaziland Communication Commission (SCCOM), Swaziland Energy Regulatory Authority (SERA), etc. If these have not been obtained, please provide indicative timing for such approvals.

- Motivation of the site in terms of logistics regarding raw material supply, target market etc.
- Availability of bulk services to the site such as water, electricity etc.
- Current quotations for all building work to be performed. This should preferably be approved by a quantity surveyor or another suitable person in the construction industry.
- Technical drawings for all building work to be performed - this should be done by a qualified architect and the necessary municipal approval obtained.

6. Capital expenditure

- Quotations from suppliers for all fixed assets to be purchased (not older than 3 months).
- Terms and conditions of payment for machinery to be purchased (deposits, progress payments etc.).
- Ensure that the fixed assets to be purchased are sufficient to meet production forecasts from a capacity point of view.
- Be sure to budget adequately for other 'soft assets' such as office furniture, photocopy and fax machine as well as other equipment which are not directly related to the production process.
- Copies of all warranties and guarantees, repairs and maintenance agreements relating to the assets to be acquired.

7. Production: if applicable;

- Production process description and process flow diagram.
- A copy of the factory/building layout.
- A detailed bill of materials, together with recent quotations for all raw material input costs.
- Details of any registered processes (patents, trademarks etc.)

8. Staffing:

- Cost-to-company of all salaried, waged, part-time and contract employees, historical and going forward.
- Number of staff and their cost-to-company by occupational level.
- Please include details of all staff, from part-time to director level.
- Ensure that staff numbers are adequate and in line with production capacity and forecasts.
- Ensure that salaries and wages are preferably market-related and not below minimum wage guidelines for the industry.

- Details of any key and/or specialist skills and transfer of skills programme.
- Bargaining council compliance certificates where applicable.

9. Marketing analysis

Provide Sale forecast;

a) Give projected turnover levels and must be based on secured contracts letters of intent and /or detailed market research.

b) Provide copies of all contracts with customers, letters of intent from potential customers and strong evidence based market research must be provided.

c) Turnover levels projected must have a strong and sound marketing backup.

d) For existing businesses, provide full details of existing contracts being offered service and remaining periods on these contracts.

e) For existing businesses, give full details of the business market share, major customers and non-contract based work done over the past 12 months.

f) Give a detailed marketing strategy and market research:

g) It is also essential that there is a particular marketing strategy in place that will be the engine of the business and states exactly how the business is going to attract market share and achieve projected turnover levels.

h) The marketing research should also focus on the following central areas:

- Industry analysis
- Competitive edge of the business
- Demand vs. supply
- Sustainability of demand
- Letters of Intent from potential customers
- Future development plan (technological, new market entrants, product/ Service line extension)
- Contracts with customers /a copy of orders tenders where applicable
- Other networks and relationships created; and strategic location of the Business.

10. Financial information and forecasts

- a) For an existing business, the business plan must have attachments of historical financial statements for two years (audited /draft where applicable) and the latest management accounts accounts not older than three months.
- b) The financial plan should also have a detailed five-year income statement, balance sheet and cash flow forecast and how monthly forecasts for the first 12 months.
- c) It is also important that the amount of funding applied for and the application of these funds is disclosed in the financial plan as well as copies of agreement with other parties or financiers for existing loans, including security offered for these loans.
- d) Security or collateral offered for loans or overdrafts must be disclosed in the plan.

Notes

The balance sheet should have the following:

- a) Include all existing assets and liabilities as well as those that will be brought into the company as per the current application for finance.
- b) For new loans, budget and formulate on realistic payback periods (NB: this will depend on the company's cash flow forecasts and may vary based on the industry).
- c) Debtors and creditors must be budgeted for in terms of company's payment policies or as negotiated with debtors and creditors.
- d) Stock must be budgeted for based on expected stock levels to be held (include raw materials, work in progress and finished goods).
- d) The Director(s) contribution towards the business must be included as shareholders'/members' loans.
- e) Details on value and nature of goodwill must also be provided.

Income statement

- a) Sales projections should tie in closely with any contracts and letters of intent obtained from potential customers and marketing research performed.
- b) Cost of sales to be correctly calculated and budgeted for per product item.
- c) All possible expenses must be taken to account. It must be noted that expenses that are often omitted include:
 - Depreciation;
 - Security costs;
 - Insurance costs;
 - Bank charges, audit, legal and IT related charges;
 - Interest costs; and
 - Royalties and commissions
 - Company Tax.
- d) Salaries and wages bill should be directly linked to the number of staff (including directors) to be hired, multiplied by their total cost-to-company.
- e) Interest rates on all new loans should be accounted for at a minimum of prime.

For acquisitions

For acquisitions purposes the business plan should have the following:

- a) The target company's past three years' historical financial statements and latest management accounts (not older than three months).
- b) An offer to purchase agreement or draft purchase and sale agreement.
- c) The target company valuation.
- d) Include details of the business's commitment on the target company, including a discounted cash flow valuation to confirm the company value.

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