



Rapid Business Plan Viability Review tool

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FINAL REPORT



STUDY COMMISSIONED BY BERSMP PROGRAMME AND CONDUCTED BY
MATCH MAKER ASSOCIATES LIMITED (MMA)



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1.0 INTRODUCTION

Business plan review is a quick scan of the feasibility of a business (plan). This tool can significantly improve the plan and therefore the future success of the enterprise. Not only can it give more direction to the business, it most likely increases – when the goal is to obtain finance support - the likelihood to interest potential investors. Usually a business plan is targeted at a specific audience, such as potential micro finance organizations. In this case, business planning must include the profit potential of the company as well as the risks involved for the investors. Moreover the tool can easily be adjusted and tailored for a specific sector, market and business.

Why is this tool important for the BERSMP project? The project tries to support and develop forest enterprises and to make them sustainable. A firm basis is therefore needed; a strong business attitude, the viability of the enterprise and a well business plan are key elements in that respect. With the business plan viability review these elements can be reviewed and shine a light on the sustainability and viability of these enterprises.

When assessing a business plan check clearly what the main purpose for the business plan is and how certain improvement can increase the chances of success. For instance, if the goal is to obtain external financing, it will be asked to submit a complete business plan for the venture. The business plan will help a funding source to more adequately evaluate the business idea.

For a good business plan assessment, each component has to be critically examined. Not all posed questions might be directly related to a specific business (plan), however most will apply for varied businesses. Note that this rapid business plan viability review, which is based on a business plan format used by BERSMP, might have a different flow (order) than many business- plan formats. However most plans contain the same basic elements (headers) and this tool can therefore be used for various business plan formats.

Methodology for Rapid Business Plan viability review

The Methodology for this business review is a checklist, which is a simple and powerful tool. Checklists have the advantage of reducing the chances of forgetting to check something important; they simply reduce errors. Moreover checklists can be developed and followed rather easily. With a checklist we can also evaluate (or diagnose, etc.) and at the same time we don't need to explain ourselves. Checklists are of various kinds: we mainly base ourselves on the *sequential checklist*. Which means that a certain order is important. However notice that the order in which one calls on the items is helpful but is not a necessity.

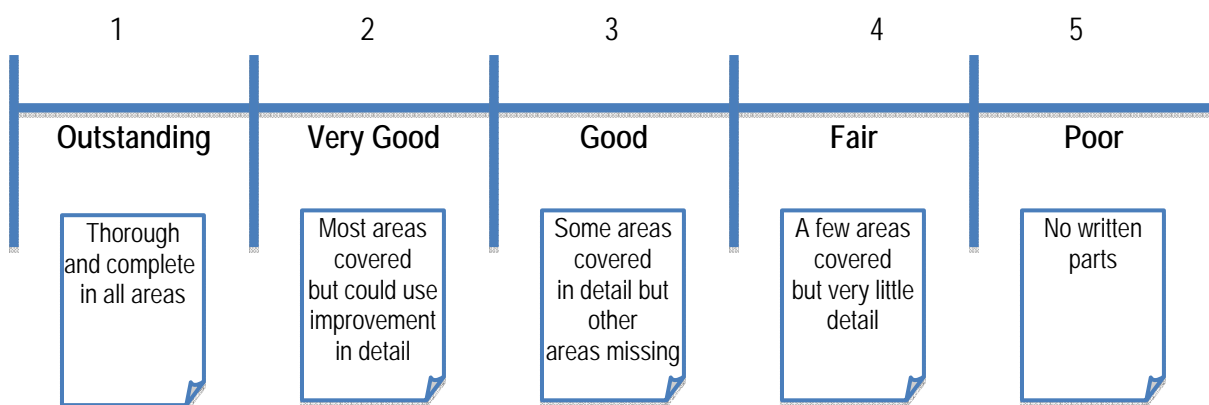


2.0 CHECKLIST

Every component of the business plan should be separately assessed and graded. After that, it should be assessed which elements are missing; the questions underneath will help the reviewer with that. Part of the checklist is based on the experience of working with BERSMP/BFE Local Community Business groups but others have a more general character. The main missing parts and/or bottlenecks, coming out of the reviewed business plans of these community groups, are incorporated in the key elements of the different components. A rating system has been included and this should be seen as an indication of the quality and thoroughness of the business plans. Based on the checklist and the judgment of the reviewer, the components need to be graded; as shown in the rating components (figure) underneath every component header. At the end a total score can be accumulated, which indicates the viability of the BP and in many ways the feasibility of the enterprise itself.

2.1 ENTREPRENEURS AND ENTERPRISE

Rate this component:



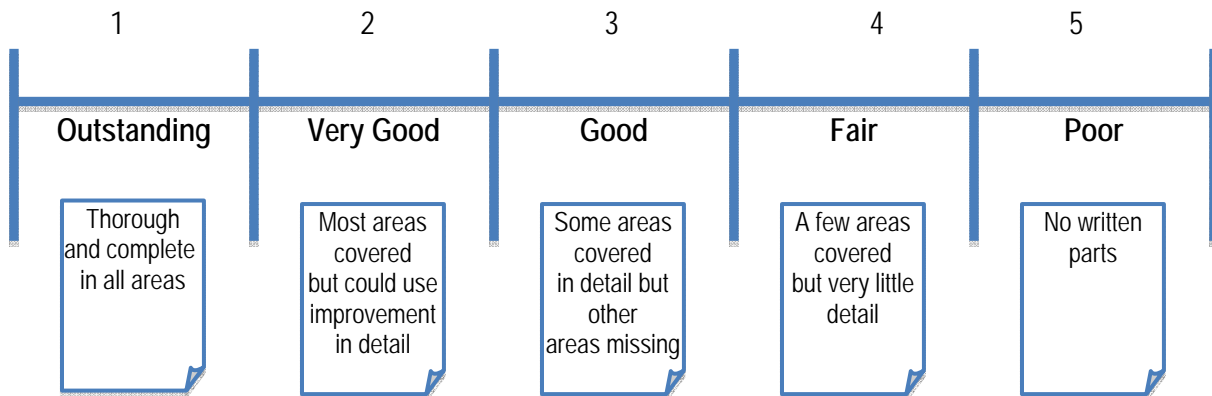
KEY ELEMENTS	Is this covered in the plan?	Is the answer clear? (yes or no)	Is the answer complete? (yes or no)
A. Is it clear what type of business it is?			
B. Why does it promised to be successful?			
C. What drives the group/entrepreneur?			
D. What is the experience-background of the group/entrepreneur?			
E. Is the purpose of the BP clear?			



F. Are the aims and the objectives clear?			
G. How unique is the enterprise?			

2.2 PRODUCT/MARKET FORMULA

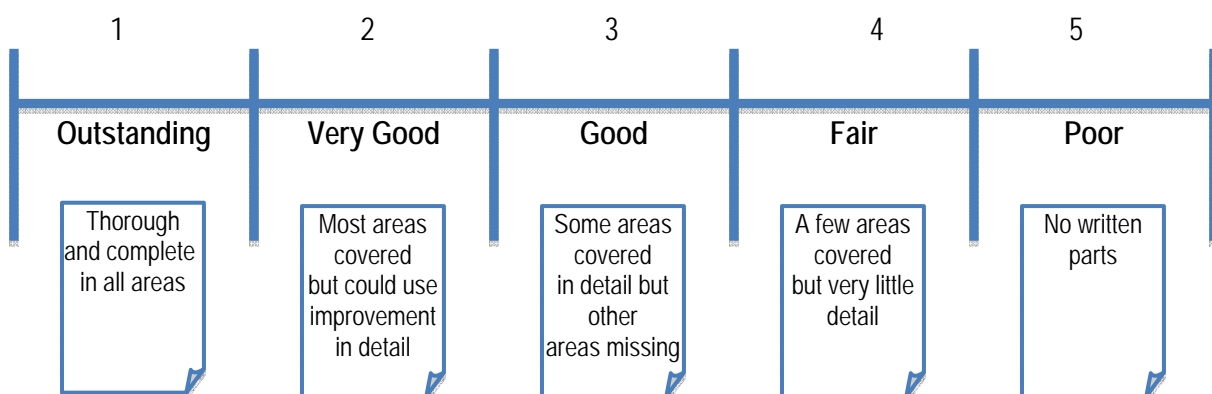
Rate this component:



KEY ELEMENTS	Is this covered in the plan?	Is the answer clear? (yes or no)	Is the answer complete? (yes or no)
a. Is it clear what kind of products or services are sold?			
b. Are the target groups (markets) specified and clear?			

2.3 THE LEGAL REQUIREMENTS

Rate this component:

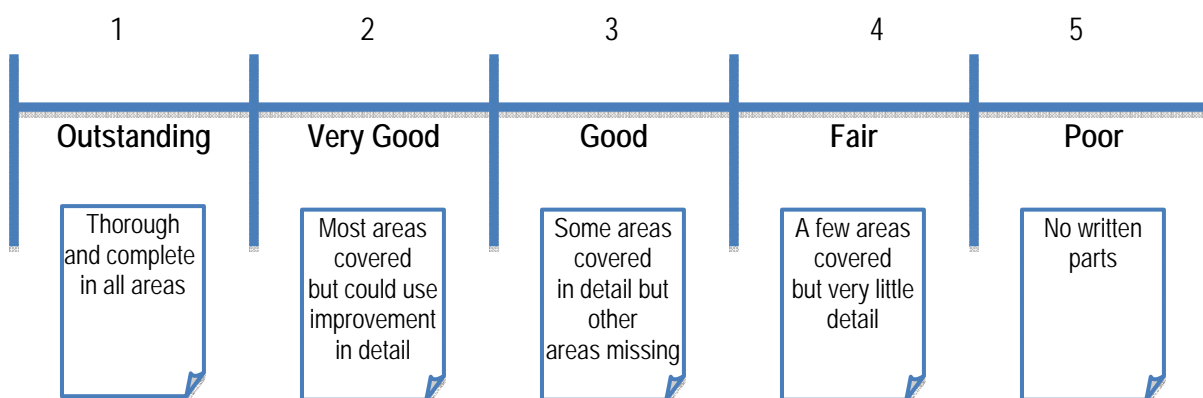




KEY ELEMENTS	Is this covered in the plan?	Is the answer clear? (yes or no)	Is the answer complete? (yes or no)
A. What legal form of ownership will you have?			
B. What regulations will affect your business?			
C. Organizational chart included?			

2.4 MARKET RESEARCH

Rate this component:



KEY ELEMENTS	Is this covered in the plan?	Is the answer clear? (yes or no)	Is the answer complete? (yes or no)
A. What does the group/entrepreneur want to know out about his customers?			
B. Is it clear who the competitors are?			
C. Have they used sufficient sources to get market knowledge?			
D. Is it clear what the leading indicators in the sector are?			



2.5 MARKETING

Rate this component:

1	2	3	4	5
Outstanding	Very Good	Good	Fair	Poor
Thorough and complete in all areas	Most areas covered but could use improvement in detail	Some areas covered in detail but other areas missing	A few areas covered but very little detail	No written parts

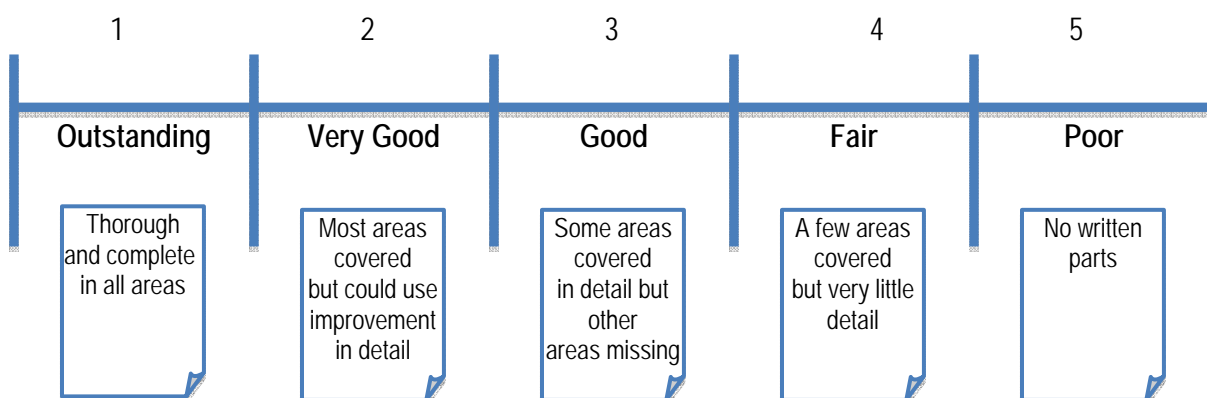
KEY ELEMENTS	Is this covered in the plan?	Is the answer clear? (yes or no)	Is the answer complete? (yes or no)
A. Is there a specific location identified?			
B. Are the advantages of the location shown?			
C. Is there easy access to transportation?			
D. Are the suppliers conveniently located?			
E. How big is the market? (<i>number of customers</i>)			
F. Is there a profile of the consumers?			
G. How are the sales being promoted?			
H. Is there a pricing strategy?			
I. What advertising and promotional strategy is used?			
J. How does the product distinguish itself from competitors?			
K. What kinds of market linkages strategies are followed?			
L. Plans of diversifying the commodities?			



M. What kind of marketing tools are used (i.e. bulking, storing)?			
N. Are market development and product improvement part of the strategy?			

2.6 STAFF

Rate this component:

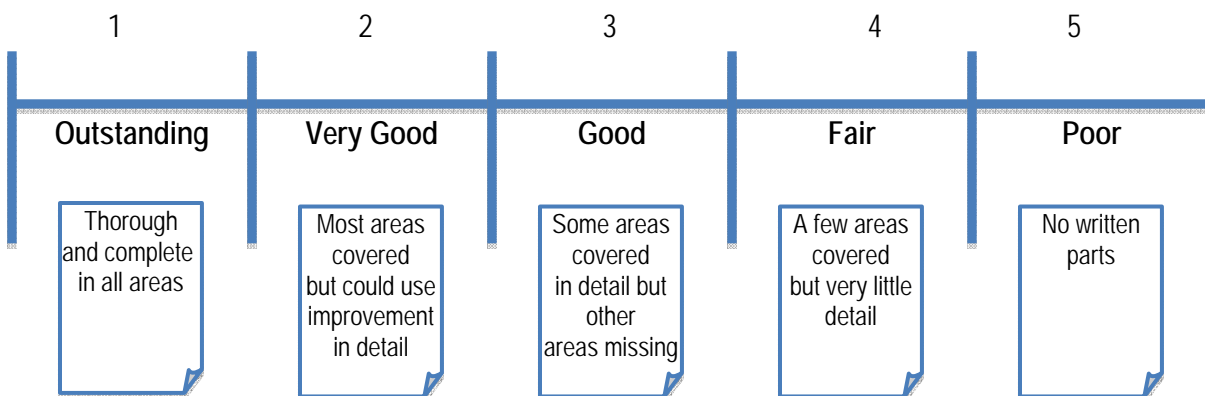


KEY ELEMENTS	Is this covered in the plan?	Is the answer clear? (yes or no)	Is the answer complete? (yes or no)
A. What qualifications / experience does the staff have?			
B. What are the tasks of the personal (staff)?			
C. How much are the group members or employees paid?			
D. How many group members and/or (temporary) employees are there?			



2.7 PRODUCTION PLAN

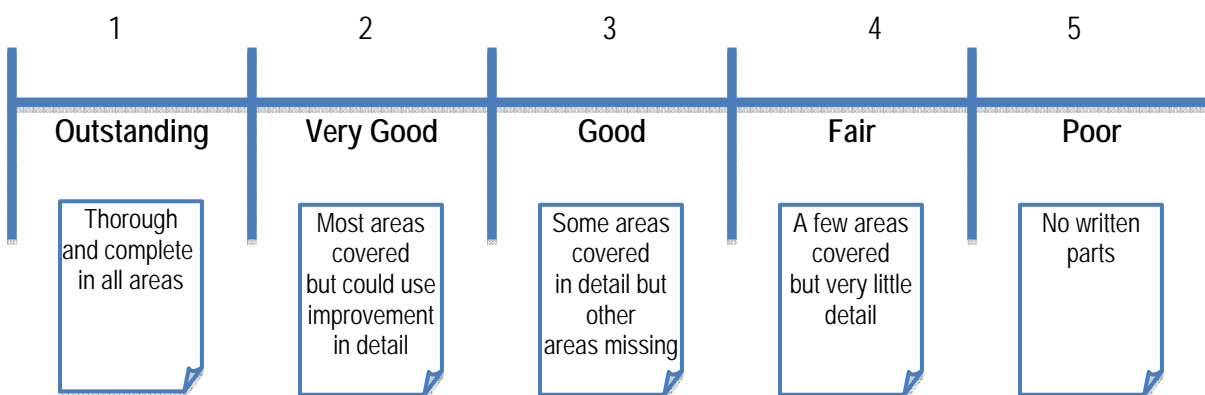
Rate this component:



KEY ELEMENTS	Is this covered in the plan?	Is the answer clear? (yes or no)	Is the answer complete? (yes or no)
A. Are the objectives and strategies clear?			
B. Are there deadlines for each stage to measure the growth?			
C. Is it clear who the (input) suppliers are and why them? Are there other possible suppliers?			
D. Post-harvest strategies included?			

2.8 CRITICAL RISKS

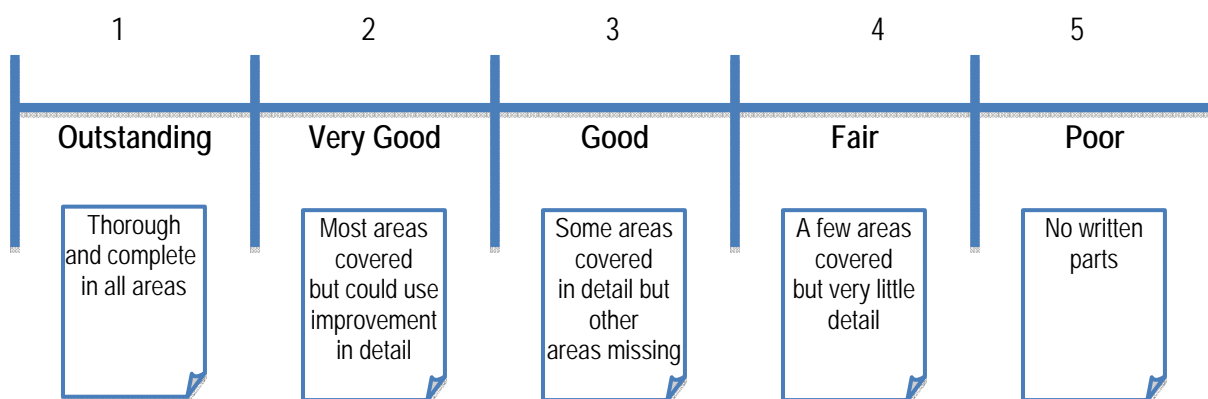
Rate this component:





KEY ELEMENTS	Is this covered in the plan?	Is the answer clear? (yes or no)	Is the answer complete? (yes or no)
A. What potentials risks/problems are there identified?			
B. Are the risks calculated?			
C. What alternative courses of action are possible?			
D. What risk-minimizing strategy has been chosen and why?			

2.9 FINANCIAL PLAN



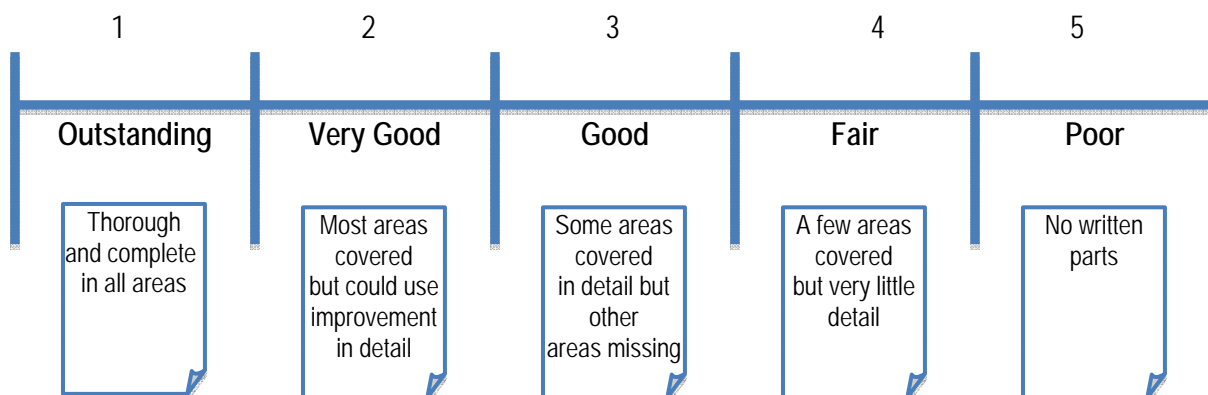
KEY ELEMENTS	Is this covered in the plan?	Is the answer clear? (yes or no)	Is the answer complete? (yes or no)
A. What are the total financial needs?			
B. What are the funding sources?			
C. Has it been worked out how (borrowed) money will be invested?			
D. What is the total expected business income for the first year? And, more roughly, for the following two years? (forecast)			
E. What sales volumes are			



needed to make a profit during three years?			
F. How is the profit distributed: Re-invested? Distributed among members? Savings? Combination of elements? Others ways?			
G. Where are the financial figures based on? Own records? Other sources?			
H. Is the overview of the balance sheet, income statement and cash flow clear? Or is something missing?			
I. Can the enterprise fulfill its financial obligations in a particular period of time?			

2.10 APPENDIX

Rate this component:



KEY ELEMENTS	Is this covered in the plan?	Is the answer clear? (yes or no)	Is the answer complete? (yes or no)
A. Are there any documents, drawings, agreements, or other materials needed to support the plan?			
B. Are there any names of references, advisors, or technical sources needed to			



be included?			
C. Are there any other supporting documents?			



3.0 FINAL ASSESSMENT

Components	Points				
	5	4	3	2	1
1. Entrepreneur and enterprise	5	4	3	2	1
2. Product/market formula	5	4	3	2	1
3. The legal requirements	5	4	3	2	1
4. Market research	5	4	3	2	1
5. Marketing	5	4	3	2	1
6. Staff	5	4	3	2	1
7. Production plan	5	4	3	2	1
8. Critical risks	5	4	3	2	1
9. Financial plan	5	4	3	2	1
10. Appendix	5	4	3	2	1
TOTAL:					

The following meaning can be given to the outcome (score):

50 pts. - Outstanding!	The ideal business plan. Solid!
45-49 pts. - Very Good.	The plan is build on a strong foundation and shows no real weaknesses.
40-44 pts. - Good.	The plan is sound with a few areas that need to be polished.
35-39 pts. - Above Average.	The plan has some good areas but needs Improvement.
30-34 pts. - Average.	Some areas are covered in detail yet other areas show weakness.
20-29 pts. - Below Average.	Most areas need greater detail and improvement.
Below 20 pts. - Poor.	Plan needs to be researched and documented much better.

Entrepreneurs must be prepared to handle the questions from the evaluators and learn from the criticism. They shouldn't feel defeated but rather make a commitment for improving the business plan for future review. The goal is not so much to succeed the **first** time as it is to **succeed**.