

PROPOSAL SUBMISSION FORMAT

INTRODUCTION

This document provides the format for submitting an initial proposal for AREED assistance. Every entrepreneur will find him or herself at different stages of developing their business concept. Some may have a full Business Plan while others may just have started conceptualising their idea. By presenting AREED with as much as possible of the information requested below, an assessment can be made to determine what assistance AREED can provide and how advanced the entrepreneur is in developing their business. It is therefore NOT critical that each question be answered, but rather that all factual information on the proposed business is presented in this format. A detailed description of the AREED application and assistance process can be obtained from the AREED Project Officer as well as clarification of the format.

PROPOSAL FORMAT

Basic information

- Name of business
- Physical address
- Postal address
- Contact person
- Contact detail (tel, fax, e-mail & website if applicable)

1. BUSINESS DESCRIPTION

1.1 Background

- History

Is this a new or existing business? If new, explain how the opportunity was identified. If existing, when was it established, what products and/or services are currently offered, where is it located, what is the revenue/turnover, how many employees, and are financial records available?

- Goals

Explain the reason(s) why this business opportunity is being pursued.

1.2 Core Activities of Proposed Business

Describe the main business activity.

1.3 Location

Discuss the physical location of the proposed business and area to be serviced in terms of region, city, town and infrastructure (roads, communications, etc.), as well as distances from nearest main centres.

1.4 Product and/or service description

- Detailed description
What products and/or services will be manufactured or sold?
- Existing customer behaviour
What products or services are potential customers currently using to fill the identified need?
- Expected change
Will potential customers change from existing products to your products and why? What is required to convince them?

1.5 Suppliers

- Name existing or potential product suppliers
- Location
Where is the head office and local branches?
- Experience and reputation
How have you assessed the experience and stability of the supplier and the quality of their products?

- Agreements
Have you entered into an agreement with a supplier?
Have you agreed on purchase prices and if so what are the prices?
What guarantees does the supplier offer for the products?
What is the delivery schedule?
What training can the supplier make available?
- Alternative suppliers
Do you have any alternative supplier(s)?

1.6 Ownership structure

- Shareholders/owners
List the shareholders and/or owners and describe their role in the company and background.
- Shareholding
What share percentage does each person hold in the company?
- Contribution
What will each shareholder contribute (e.g: cash, experience, contacts, time, etc.) to the business?

1.7 Legal considerations

- Statutory/legal requirements
Are you aware of any legal requirements to start and operate the proposed business?
 - Company Registration
 - Trading licence
 - Tax registrations
 - Other
- Permits and or Licences
Are you aware of any permits or licences that are required to operate the business? Have they been secured? If not, how far are they from completion?
 - Environmental permit
 - License from energy regulatory authority
- Agreements
Are there other crucial agreements that must be finalised? If so give details.

2. OPPORTUNITY

2.1 Customer description

- Multiple Customers (households and other businesses) - if institutions, describe the typical type, size, location. If individuals or households, describe the potential customer in terms of income level, age, gender.
- Single or Small Number of Customers (National Utility/Large Industrial Company), describe in terms of their type, size and location.

2.2 Geographical area where the product or service will be offered

Describe the geographical area that you will service – country, region, town? Why did you choose this area?

2.3 Total customer potential

- Potential customer base
How many potential customers are there in the geographical area that you intend to operate?
- Typical spending on product/service
What are the customers currently spending on similar products or services to satisfy the need?
- Target Customers
Based on the identified number of potential customers what percentage of these customers will support your business?

2.4 Competition

- Name your competitors (direct and indirect) and the products and/or service they offer.
- Describe your competitor's core business or business activity (including those with which you will not compete).

- Where is each competitor located?
- What are their geographical areas of operation?
- Give each competitor's history, track record and success to date.
- What marketing methods do each use?
- Discuss each competitor's strengths and weaknesses.

2.5 Competitive advantage

Defend why your proposed business will succeed, what will make it different or better than its competitors?

2.6 Strengths and Weaknesses

Objectively discuss your proposed business's strengths and weaknesses. Be as thorough as possible.

3. MARKETING

3.1 Costing and pricing

- Cost Price
How much will the products cost your business? Total cost includes direct cost from the suppliers and all other costs up to the point where it reaches your premises (take account of the costs associated with shipping, freight, taxes)
- Method of pricing
What is the estimated selling price?

3.2 Sales projections

- Unit sales
Explain how many units are expected to be sold per month and why you think that it is realistic.
- Increase in sales
How do you expect sales to increase over the short and long term?

3.3 Marketing plan

Explain what marketing actions will be employed to achieve the expected sales. Below are a few possibilities:

- Advertising
- Promotion
- Display
- Representatives

How frequently will each action be taken and what costs will be associated with each.

4. OPERATIONS

4.1 The entrepreneur(s)

Discuss the entrepreneur's background based on the points below:

- Name(s)
- Age
- Qualifications
- Work history
- Previous business experience and knowledge
- Technical expertise and knowledge of the product or services you intend to offer

4.2 Key operational functions

Describe how the business and its various departments will function. Depending on the type of business and its complexity, the following headings can be used:

- Procurement of product
Are products manufactured or purchased? How will the business interact with suppliers to acquire raw material or products.
- Manufacturing
If a manufacturing concern, describe the manufacturing process in detail. Indicate the steps, technical process, time taken, skills required, quality control.

- Service
If a service is delivered, describe the steps and processes involved.
- Stock control and distribution
Discuss recordkeeping of stock, storage, stock levels, distribution.
- Marketing and sales
The marketing plan is already described in paragraph 3.3. Now describe how this department will function on a day-to-day basis, including any after sales service.
- Administration and accounting
Discuss the admin process and requirements. Describe the accounting requirements, documents to be used, capturing of information and financial controls/reporting.

4.3 Personnel

Discuss the entire personnel contingent with emphasis on key personnel:

- Name(s) of person responsible for each function/department (key personnel).
- Work history and experience of key personnel.
- Names and job descriptions of remainder of personnel.

5. TECHNOLOGY

5.1 Technology Choice

Briefly describe the technology to be used.

5.2 Applicability of technology

Why is this technology appropriate for the application?

5.3 Evidence of application

Has this technology been applied before? Give details of where and when

6. FINANCE

6.1 Revenue

What is the estimated revenue/income of the business for the next 5 years?

6.2 Expenses

What are the estimated expenses of the business for the next 5 years?

6.3 Financial projections

- What is the expected profit for the next 5 years?
- Explain what the cash position of the business will be, how much cash it will require before it is producing positive cash flow and how long it will take.

6.4 Finance required

Description (give details)	<u>Total Investment</u>	Entrepreneur Contribution	Other Sources (give details)	Proposed AREED Investment
Start up costs				
Capital infrastructure				
Working Capital				
Other				
Other				
TOTAL				

The finance required for the business can be presented using a table similar to the above example. Give full details on what the amounts will be used for as well as where the proposed financing will be sourced.

7. SUPPORTING DOCUMENTATION

Attach any document that you feel could be useful to motivate any particular argument or that can contribute towards a better understanding of the business proposal. In particular, please attach:

- CV's of all owner(s) or shareholders.
- Copy of permits and/or agreements already finalised.
- If an existing business, financial statements for last 3 years.