

Model Business Plan for MSME

WHAT IS A BUSINESS PLAN?

Business plan is a document that specifies the components of a strategy with regard to MSME business mission, external and internal environments and problems identified in analysis. Business Plan should be written when a new venture or a major new initiative is launched.

Purpose of a Business Plan :

- It helps to determine the viability of the venture in designated markets.
- It provides guidance to the MSME in organizing planning activities.
- *It serves as an important tool in obtaining financing/funding.*
- A well-written business plan will provide progress toward goals and control decisions to be made at a later stage.

WHAT ARE THE ELEMENTS OF A BUSINESS PLAN?

Introduction & Executive Summary: A typical business plan begins with a brief introduction followed by an executive summary. The executive summary is prepared after writing the total plan. Its purpose is to communicate the plan in a convincing way to important audience, such as potential investors.

Industry Analysis: An industry analysis usually follows the executive summary. This section communicates key information about the industry in which MSME is operating.

Marketing Plan: The marketing plan is the first step in developing any new strategy. It is developed within the context of the MSME's goals and should be based on a realistic assessment of the external environment. The marketing plan is written first because marketing decisions typically determine resource needs in other areas. Obviously, a decision to seek a large share of a market will require a significant commitment of resources of various kinds. How you choose to promote and distribute your product or service will impact organizational plans, production plans , human resource plan and financial plans.

Financial Plan: The financial plan underpins this entire system of plans. Three financial areas are generally discussed.

- ┆ Financing pattern
- ┆ Cash flow statement
- ┆ Three year income statement

Usually an appendix is included in a business plan. This generally contains supporting information, documents and details of the plan. Examples of this type of information include price lists, economic forecasts, demographic data and market analyses.

TIPS ON WRITING A BUSINESS PLAN FOR MSME

The text of a business plan must be concise and contain as much information as possible. You can use the Key Word approach. Write the following key words on a card and keep it in front of you while writing:

Who/What/Where/When/Why/How/How Much

Answer all these questions (asked by the key words) in one paragraph at the beginning of each section of the business plan. Then expand on that statement by telling more about each item in the text that follows.

There is no set length to a business plan. The average length is 40 pages, including the supporting documents section. Break the plan down into sections. It takes discipline, research, time and effort to write an effective business plan.

You will save time by compiling your list of supporting documents while writing the text. With the previous considerations in mind, you are ready to begin formulating your plan.

SUGGESTED OUTLINE OF A BUSINESS PLAN

1) Cover Page

Title page of the business plan. It should contain the following:

- ✓ Name of the Individual/ Company/FPO/Group
- ✓ Address with pincode
- ✓ Phone number (include area code).
- ✓ Logo (if any).
- ✓ Names, titles, addresses, phone numbers (include area code) of CEO/Applicant from Board of Directors.
- ✓ Month and year of the plan was issued.
- ✓ Name of the person/organization who prepared it.
- ✓ Submitted to SFAC Kerala.

2. Table of Contents

Listing the major topics with page numbers.

3. Introduction

A Brief Description of the MSME Business. Give a brief description of the business idea. What is the propose? Why it will be successful ? Agricultural Products Available-Primary Processing /Value Addition/ Processing/Exporting Opportunities

4. Executive Summary

Brief description of the entire aspects of MSME Operations (maximum of 2 pages)

5. Geographical Area of Raw Material Source

Location of Farmer Groups

Major Crops , Area, Production, Productivity if available

Location of Proposed Collection centers

Location of Pack Houses

6. Marketing Plan

A marketing plan includes information about the total market. It helps in identifying the target customers and suggests the means to rightly position and supply the products or services to them.

❖ **Product:** List of Products : Identify Proposed Innovative Products –Value added Products etc
Answer key questions regarding product design and packaging.

- Process of Production

-List of Machinery to be purchased

- ❖ **Target market:** Identify characteristics of the customers. Tell how the results have been arrived. Back up information with demographics questionnaires and surveys. Estimate the market size
- ❖ **Competition:** Evaluate indirect and direct competition. Show how one can compete. Evaluate competition in terms of location, market and business history.
- ❖ **Place:** Tell about the manner in which products and services will be made available to the internal and external customers.
Logistics and distribution network planned
- ❖ **Promotion:** How the advertising will be tailored to the target market? Include promotional materials and proposed advertising ,public relations etc planned.
- ❖ **Pricing:** Pricing will be determined as a result of market research and costing of the product or service. Tell how the pricing structure has been arrived and back it up with materials from research.
- ❖ **Proposed date of Trial run of Factory**
- ❖ **Timing of market entry:** Decide when to enter the market and how this decision has been arrived at.
- ❖ **Targeted sales:** State the sales targeted for the next 3 years. The

first year's sales may be presented month- wise.

- ❖ **Industry trends:** Give current trends about how the market may change and what is the plan to adjust with the changing scenario.

7. Financial Plan –Proposed Plan Documents

These are the records used to show past, current and projected finances. The following are the major documents that would be required to include in the business plan.

- ✓ **Cash flow statement (budget):** This document projects what your business plan means in terms of rupees. It shows cash inflow and outflow for a period of 3 years and is used for internal planning. Cash flow statements show both how much and when cash must flow in and out of your business.
- ✓ **Three-year income projection:** Income statement showing your projections for your company for the next three years. Use the cash flow statement for the first year's figures and project the next according to economic and industry trends.
- ✓ **Break-even analysis:** The break-even point is when an MSME's expenses exactly match the sales or service volume. It can be expressed in total rupees or revenue exactly offset by total expenses or total units of production (cost of which exactly equals the income derived by their sales). This analysis can be done

either mathematically or graphically.

8. Supporting Documents as Annexures

{ Scan Available documents. Balance documents to be submitted at the time of Document Verification }

- ✓ Brief profile of the MSME and resumes of the key Director/CEO
- ✓ Contracts/work order/MoU for selling produces etc.
- ✓ Legal documents (registration, business license, etc.
 - ✓ Sources of funds/revenue
 - ✓ Filing of IT return / GST
 - ✓ Audited balance sheet of FPO
 - ✓ Loan sanction letter
- ✓ Appraisal report from bank
- ✓ Copy of Land Tax Receipt/ Lease agreement/Title deed
- ✓ Lease Agreement for minimum period of 10 years if building is on lease
- ✓ Valuation Certificate of Engineer for Building & Electrical works.
- ✓ Original bills of Machineries , office equipments, furniture etc. If it is kept with bank, copies certified by Bank Manager to be submitted.
- ✓ Documents of Technology transferred
- ✓ Self attested copies of FSSAI Registration, Pollution

Certificate, GST registration, Panchayath License, Factories and Boilers, Udyog Aadhaar / Company Registration etc

- ✓ Copy of ID proof of Applicant-copy of Aadhaar is mandatory in the case of individual applicants.
- ✓ Partnership deed for Joint venture companies, Memorandum/ Articles of Association for Societies, Companies , Co-operatives and Groups
- ✓ Bank Passbook Front Page Copy, Statement of Loan Account
- ✓ E-mail, Landline, Mobile No & Name of Contact Person of Bank.
- ✓ Affidavit regarding non receipt / receipt of subsidy from State/Central Government Agencies .If subsidy is received from any other Government Agency Pl submit Sanction Order and details of component wise subsidy received.
- ✓ Any Other Items Required
- ✓ Any Other Document

Submission of Hard Copies

One Spiral bound copy of the following to be submitted by speed post after Successful Completion of Online Application

- a) Signed copy of print out of Online Application
- b) Business Plan

Copy to

Managing Director
SFAC Kerala
1st Floor
Administrative Building
Agricultural Urban Wholesale Market
Anayara
Anayara P O
Thiruvananthapuram-695029.

Phone: 0471-2742110
