

NoGAP

Knowledge Transfer Community to bridge the gap between research, innovation and business creation

Deliverable 2.4

HANDBOOK / BUSINESS PLAN IN INNOVATION ENVIRONMENT

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List of acronyms and abbreviations

<i>R&D</i>	<i>Research and Development</i>
<i>e.g.</i>	<i>exempli gratia</i>
<i>etc.</i>	<i>et cetera</i>
<i>ISO</i>	<i>International Organization for Standardization</i>
<i>PR</i>	<i>Public Relations</i>
<i>SMEs</i>	<i>Small and Medium sized Enterprises</i>

Introduction

This deliverable was prepared by the Slovak University of Agriculture in Nitra as a task leader of Task 2.2 (WP2) within the FP7-INCO project NoGAP: *Knowledge Transfer Community to bridge the gap between research, innovation and business creation*.

WP 2: Developing innovation support services to foster innovation partnership in the societal challenge secure, clean and efficient energy

Task 2.2: Development of specific services in the field of energy efficiency and renewable energy in Bio-based Economy based on methodology of T1.3 and KIC and DTC services

D2.4: Handbook / Business Plan in Innovation Environment

The overall aim of deliverable 2.4 is to prepare a handbook regarding of how to prepare and how to put into action a Business Plan in Innovation Environment. The document will help stakeholders to understand not only the importance of a properly prepared business plan but also the issues generated by mistakes and omissions, when starting a project, no matter of the nature (research or industry).

Business plan refers to the road map that gives an overall overview of a project intended to launch and grow business and it tells prospective investors how a project developer plan to meet goals. It is a document, typically 15-30 pages long, which states business goals, shows a plan to reach them, addresses the issues concerning the reasonable expectations of a return on capital for investors and it also shows that developer has foreseen risks, formulated strategies for overcoming them and has experience to execute the operational strategies. This is especially essential in case of renewable energy business plan due to the fact that the investment community has identified very high and difficult risks related to these projects. Additionally, business plan is a suitable tool for monitoring business performance to stay on track. There are four reasons for writing a business plan to be considered:

- **Assists in Financing:** a business plan shows the amount and type of funding, whether the outside investment is required;
- **Accountability:** a business plan provides a system of checks and balances in order to avoid mistakes;
- **Control:** a business plan sets up benchmarks to keep the business under control;
- **The Big Picture:** a business plan encourages the realism and allows for thinking through the entire business process

“Innovation is accessible – and necessary – for all companies, regardless of their size and activity sector. Innovation in a company can concern a change in products, services, procedures, production processes, internal or external organization” (Luxembourg Portal for

Innovation and Research). Innovation is important as it is a way to differentiate your company from competitors by creating new and improved products/services for consumers and whole society.

1. Cover page

A cover page should be as simple as possible and it should identify yourself, your business, and the date the plan is being submitted. The institution or party (e.g. prospective investors, bankers etc.) to which is a business plan addressed could be also included. Cover page should have a clean and professional appearance with a company logo or emblem displayed on it. In order to ensure the positive first impression, the cover page should include business information, including: full name of business; location of business (street, city, state, and zip code); contact information (telephone numbers, emails, website address); main contact person or persons including their titles.¹

2. Executive summary

Executive summary provides a summary of the entire plan. It is aimed to include highlights from each section of the plan in order to explain the basics of the business. It is the first part of a business plan that people will read (in many cases the only thing that reader will read), therefore it has to grab the readers' attention. Main advice for the writing the business plan's executive summary is as follows:

- Keep it short - no more than two pages long and use concise language.
- Clearly explain what the company does. Focus on providing summary and brief answers to questions: What? Where? To whom? Why?
- Grab a potential investor's interest and get them to read the rest of the business plan or meet with you.
- Avoid writing your business plan as an outline, a list of elements or as a table of contents.
- Avoid using exaggerations.

¹ Covello & Hazelgren. 2006. The complete book of business plans – Simple steps to write powerful business plans. p. 129

3. Business summary

Business summary is aimed to provide a brief overview of the new or pre-existing company and it should give a reader a good picture of who you are (legal name, legal form, type of business and the sector your company is in), where you are, how you have gotten there and where you foresee your company in the future. Legal status of your company will have an economic, legal and fiscal impact. While deciding on legal status you have to keep in mind your objectives, strategies and tax policies. This section also states business location and summarizes any relevant history. It should also highlight the reason for starting the business and its potential impacts, e.g. economic impact on the local economy, community benefits, environmental benefits, etc.

The following core fundamental questions should be answered in the business summary to get a clear picture of the business model:

- WHAT are your products/ services?
- WHO is your target customer (segment)?
- HOW is the value proposition created?
- VALUE- how is revenue created?²

“A business model has two important functions: it must describe the way in which the company creates value but also how it captures part of that value” (Vanhaverbeke et al., 2012). Business Model Innovation is a great way for finding completely new ways of doing your business by applying different models from different industries and combining them with a new approach. Additionally, business model innovation creates more value and generates more profits, and increasing profitability can be the result of several changes. Gassmann et al. defines three steps that lead a company to a new business model:

- Initiation - preparing the journey: You should describe the current business model, its value and interactions with external environment and you will find out the reasons for the Business Model Innovation, threats for future or not reachable opportunities due to the current way of doing business. Success factors are e.g. Involvement of open minded team members; Overcoming the dominant industry logic (forbidden are sentences like ‘this has always worked like that in the industry’ etc.); Methodological support like card sets, business model innovation software etc.
- Ideation - moving into new directions: You should recombine existing concept and generate ideas for new business model. Success factors are e.g. Close and more

² Gassmann et al., The St. Gallen Business Model Navigator

distance patterns are necessary to be tried; Do not give up and try to overcome the dominant industry logic.

- Integration - completing the picture. You should integrate ideas into business model describing all four dimensions What-Who-How-Value and also think carefully about stakeholder, new partners, and consequences for the market. Success factors: Consistency between internal and external environment.

Small firms face several constraints in differentiating their products and changing their business model. Business Model Innovations based on open innovation refers “to the use of purposive inflows and outflows of knowledge to accelerate internal innovation, and expand the markets for external use of innovation, respectively (Vanhaverbeke et al., 2012). This is a common step especially for many SMEs to take, if they want to be involved in research, development and innovation which requires technologies in-house, considerable amount of resources, distribution channels etc. Therefore, they engage in collaborations or partnerships with external partners to innovate successfully, to develop new sources of income, and to reach more profitable positions in the competitive environment. Technology transfers also refer to company’s collaboration with other partners (large companies, research lab, universities, etc.) in order to carry out an innovative project. It means that partners involve in the technology transfer process that enables them to share knowledge, skills, technology, and production methods. Enterprise Europe Network provides information concerning technology offers and request helping companies to find a partner in the technology market. If your company wants to successfully manage relationship with innovation partners or an entire innovation network, you have to apply the following rules:

- Careful selection of the right partners;
- Clear leadership;
- Innovation networks need to be activated continuously;
- Partners that do not comply with the rules have to be disciplined;
- Openness in communication and in reporting among innovation partners;
- Manage the balance between internal management of the company and external management of the network;
- Choosing partners of similar size and ambitions can help improve collaborative innovation;
- Cost control;
- Manage tensions and problems in the network proactively.

An example of a company profile:

BIOGAS NORD AG is one of the largest technology suppliers in the biogas industry. It is a public company, listed on the Frankfurt Stock Exchange since November 2006 with subsidiaries in the UK, France, Italy, Spain, Poland and South Korea. BIOGAS NORD AG situated in Bielefeld, Germany and it has been building biogas plants for more than 16 years. The services provided by the company are related to all areas of biogas technology, from concept development, detailed planning, construction of facilities, to operations and support services. More than 400 biogas plants have been planned, built or developed ranging from 75 kW up to 12 MW in 16 countries worldwide since 1995. The company's exclusive BiNoLiquifed technology, available following ten years of research and development, has revolutionized the biogas industry and laid the foundations for a truly second-generation biogas plant.

Additionally, you should provide the mission and vision statement and clarify core values that help organization to focus on the important issues and show a snapshot view on an organization and what it intends to do. A vision statement gives shape and direction to the organization's future, can be considered as a new value proposition, which the company brings to potential customers and refers to a starting point for the business model of a company. A mission statement is an excellent opportunity to briefly demonstrate organization's commitment to innovation environment. It explains how the business will reach the destination defined in the vision statement. If vision and mission statements are easily visible, they can be a valuable tool for communication and people can easily learn about your organization. Additionally core values help to set goals, inform customers about what the company is about and formulate its identity. There are few examples of a vision, mission statement and core principles listed below.

RENAC's vision is to fill a part of the gap in the market in Germany for training and further education in the area of renewable energy and to facilitate the transfer of know-how to developing and newly industrialized nations.

LAMBION ENERGY SOLUTIONS's vision: To develop our technology and our company in a manner that is ecologically and economically sound.

Axpo Kompogas AG's mission: We are the technology leader in the construction of fermentation plants for organic waste and we specialize in operating fermentation plants for sustainable material recycling and energy recovery of organic waste in Switzerland.

Awite Bioenergie GmbH's mission: We develop, manufacture, sell and maintain individually designed process analysis systems, which can be used in industrial and agricultural biogas plants, sewage plants, combined block heat and power plants (CHPs), desulphurization plants, waste water treatment plants, dry fermentation systems as well as for monitoring the

feeding in of biogas into the natural gas network, for fuel cell applications and in various areas of research and development.

WELTEC BIOPOWER's mission: WELTEC BIOPOWER plans, sells, supplies and erects biogas plants made of a special material: stainless steel.

AGROTEL GmbH's principles:

- *"Our objective is happy and successful customers. We are committed to fulfilling the requirements and requests of our customers and we aim to exceed their expectations.*
- *We set realistic deadlines which are always realized, as we are fully aware that punctuality of delivery dates contributes greatly to the satisfaction of our customers.*
- *We concentrate on our strengths and we benefit from the technological prominence gained as a result.*
- *As a successful company, we aspire to technological leadership within our market sector, whereby we maintain flexibility as a "company in progress" and we are able to react to circumstances in the market and implement innovative forward thinking.*
- *Our employees are qualified, motivated and focused on the future. They think and act flexibly and pursue the interests of our customers.*
- *We measure our success on the satisfaction of our customers."*

This part of the plan should also present objectives and goals of a company. Goals refer to general statement of what a business want to achieve (profitability, growth, customer service, etc.). A goal should be stated simply and easy to understand; it should fit with the values, the vision and mission of the company. It is important to specify which objective will be achieved within one year, which in the period of 3-5 years, and which in the long-term period. An example of a business objective could be growth in revenues, profitability, costs reduction, productivity, market power, solvency, customer satisfaction, environmental support, etc. Several reasons exist for engaging in innovation environment; therefore it is important to carefully assess the company's goals that will provide a base for easier decision-making. Several examples are listed below:

Renewable Academy AG (RENAC) has a following goal: "To qualify more personnel in the areas of renewable energy and energy efficiency by speedy and precise training with a lasting effect, for rapid practical application.

BioConstruct GmbH claims that its concern is not only to aim a high profitability, but mainly to reach a protection of the climate and the future of our children by means of its active dedication to the construction of environment-friendly power plants.

Voith GmbH's goal is to strengthen the global competitiveness of Voith and their partners through an efficient exchange of data and continuous improvement of the processes.

4. Product/ Service

Brief description of product/service, its uniqueness, what makes it different, what benefits it offers (e.g. quality, sustainability, longevity, functional efficiency, solidity, etc.) should be included in this section. If applicable mention emotional parameters such as design or brand image. While describing product/service, it is important to address its key innovation environment features and to specify the ways the product/service will promote innovation environment, energy efficiency, and secure clean energy. Do not forget to specify how it will be made, performed, delivered, developed. In case of a product oriented company, it is essential to express whether a product is manufactured in-house or assembled from different vendors, and do not forget to mention the raw materials, components needed to produce it. If new products/services are planned to be launch, it should be explain whether they will extend an existing products/services or they will be entirely new products/services. Mention also the steps for launching the products/services with their introduction date to the market.

Developing service innovations requires a clear strategy, thus the service innovation management has four elements: search, selection, implementation and evaluation of innovative concepts. In the search phase it is crucial to find out the concepts that have the potential for value-added service innovations. Discontinuous Innovation Lab provides the following twelve search strategies that could be performed in order to identify potential innovative services: Sending out scouts; Exploring multiple futures; Using the web; Work with active users; Deep diving; Probe and learn; Mobilize the mainstream; Corporate venturing; Using networks; Encouragement of diversity, Idea generator; Corporate entrepreuneuring/intrapreneuring. The selection process refers to a major step in innovation strategy; therefore it is sufficient to develop suitable evaluation methods to avoid the failure in the innovation process. Check lists, discounted cash flow methods, portfolio approaches or more advanced methods such as idea markets, forecast stock exchanges, service cases or service prototyping approaches might be helpful as the selection tools. In the implementation phase it is important to take into consideration obstacles that must be overcome. Thus, the cooperative interaction of all participants and effective company-internal communication process are vital. The achievement potential of service innovations on the market (e.g. customer satisfaction, product costs, market share, quality, profitability, etc.) is tested and the internal innovation process is evaluated in the evaluative phase.³

³ Herrmann, A.W. Service Innovation

Some examples of product portfolio are described below.

The Viessmann Group offers a comprehensive product portfolio including wall mounted condensing units from 1.9 to 105 kW, floor standing condensing boilers from 3.8 to 6,000 kW and combined heating and power (CHP) stations from 1,0 to 401 kW_{el} and 6.0 to 549 kW_{th}. The CHP units can run on natural or bio-natural gas. Renewable energy systems such as solar thermal systems with flat-plate and vacuum tube collectors for domestic hot water generation, auxiliary heating and building cooling are also part of the product portfolio. Additionally, the company offers special boilers and combustion units from 4 to 13,000 kW for wood logs, chips and pellets, heat pumps from 1.5 to 2,000 kW for use with geothermal heat, ground water or ambient air, and photovoltaic systems. Viessmann also offers products and services in the field of biogas technology (project development, engineering, raw materials management and operational oversight).

2G ENERGY AG's product portfolio ranges from systems with electrical power outputs of 1 kW for domestic use to large plants with capacities of 2,000 kW that generate electricity and supply heat for complete real estate. The broad range of the product portfolio enables the use of various gases and gas mixtures. 2G modules are operated with natural gas and biomethane and with various lean gases such as biogas, sewage gas or LFG methane.

Dreyer & Bosse Kraftwerke GmbH describes its core products and performance as follows: 75 kilowatt to two megawatt CHPs for biogas, natural gas, sewage gas or landfill gas; biogas cleaning system incl. biogas cooler, activated carbon filter; AminSelect -biogas purification (natural gas quality 99.9%); controls using in house software; maintenance, service, training; project management, engineering.

A company has to deal with global competition and distinguish itself from competitors through improved products and services. Research, development (R&D) and innovation allow renewing a company's portfolio and gaining competitive advantages. Not only large and high-tech companies can be involved in innovation environment, but also SMEs are able to use Innovation Management Techniques (Table 1) in order to launch successful innovation activities. A company which is involved with R&D and innovation has to deal with legal protection of intellectual property. Therefore, the section should also contain information concerning the outcome of intellectual effort recognised as an intellectual property right. It is important for a company to protect its results from research, development or innovation projects by using all means of intellectual property protection available in order to secure competitive advantage and its competitiveness, and to increase a company's value. There are different forms of intellectual property that could be chosen:

- Industrial property including patents, trademarks, designs;
- Literary and artistic property including copyright and related rights.

Before starting the procedure to file a patent application through an intellectual property attorney, it is possible to search for the existing patents in your field of innovation by visiting, for instance, the Espacenet website. You can file a national patent application and also submit a European patent application to the European Patent Office. Lastly, there is a possibility to file an international patent application to the World Intellectual Property Organisation under Patent Cooperation Treaty (PCT) which refers to a worldwide agreement aimed to simplify the procedure for filing patent applications and requesting a patent in over 130 countries. In case of designs, you can get European uniform protection through the Office for Harmonisation in the Internal Market, if you file an application for a registered Community design or model or non-registered Community design or model (limited to 3 years and grants protection against the servile copy of the design. International industrial design registration could be obtained by the World Intellectual Property Organization. In case of trademarks application, it is possible to check the already registered trademarks in the Register of Community Trademarks and in the Register of International Trademarks. You should file an application again with the Office for Harmonisation in the Internal Market for the registration of a Community trademark your business activity extends across Europe. Additionally, Madrid Agreement and Protocol (World Intellectual Property Organization) concerning international registration of trademarks enables your company to obtain international protection of a trademark. Keep in mind that only person who owns the trademark or who has at least filed the same application at national level is allowed to register internationally.⁴

If your company operates in collaboration or partnership (open innovation) which implies that partners co-develop new solutions, it is necessary to manage IP in partnerships or innovation networks:

- Define clear arrangements from the beginning
- Agreement regarding to ownership of a patent and rights to use these patents in advance. Do-patenting is not an interesting solution.
- Patenting is expensive for small firms, especially when a company has to apply in many countries.
- IP-deals might be reconsidered as time goes on due to the fact that most contingencies are difficult to foresee when the first deal is made.
- Small firms that apply a partner's technology in their markets may face serious problems living up to the conditions of the licensing agreement. Therefore it is necessary to reconsider the licensing agreement.⁵

⁴ Luxembourg Portal for Innovation and Research. Protecting your innovations.

⁵ Vanhaverbeke, W. 2012. Open Innovation in SMEs: How can small companies and start-ups benefit from open innovation strategies?

Drivers Licence for Patents (www.Patentführerschein.de) is an example of how people dealing with innovative knowledge can protect their research findings in Germany. The website enables managers/knowledge transfer officers and raises awareness / knowledge about handling the research findings without being lawyers.

- “Patent licence” is a free virtual training for patent protection for innovations from universities. The aim of the free of charge education course is to give both scientists at universities and patent managers of SMEs an overview of the basic principles in the Patent Law and in the Employee Invention Act in Germany.
- For the two target groups there are two different learning modules.
- In up to eleven chapters the essential practice-relevant information is presented in a comprehensible, easy and understandable manner. With a time commitment of approximately 40 hours, the participants of the training can acquire basic knowledge about the legal options for protection of research results and their economic potential.
- In addition, the materials of the e-course identify the main pitfalls of patent exploitation which need to be considered. After passing the online exam, graduates of the patent license obtain a certificate issued by the project partners PROvendis and Institute for Information, Telecommunication and Media Law (ITM). The ITM is the centre of excellence of the Federal State North-Rhine Westphalia (NRW) in Information, Telecommunication and Media Law. It belongs to the Faculty of Law at the University of Münster. PROvendis is the patent marketing company consisting of 27 universities in the state of North Rhine-Westphalia.
- There are no special requirements or limitations for taking the online course. Every interested person can complete it and obtain the patent license.

Table 1 **Innovation Management Tools**

Creativity Techniques	Mind Mapping <i>(to apply thoughts and ideas in the form of a visual map)</i>
	WWWWWH? <i>(to identify all aspects of a problem by asking questions: Who, What, Where, When, Why, How)</i>
	Brainstorming <i>(to produce a maximum number of ideas in a minimum amount of time on a given topic)</i>
Product and Service Design Techniques	Value Analysis <i>(to increase the value of a product/service)</i>
	Design to Cost <i>(to manage a project by respecting pre-estimated cost and time constraints)</i>
	Quality Function Deployment <i>(to meet customer's needs in the best possible way)</i>
	Delphi Method <i>(to solve a problem by communication)</i>
	Benchmarking <i>(to compare different companies)</i>
Problem Solving Techniques	Failure Mode, Effects, and Criticality Analysis <i>(to anticipate, detect, assess failures)</i>

	5 Why's (to examine the possible causes of a problem)
	Ishikawa Diagram (to identify the causes of a problem)
	Theory of Inventive Problem Solving (to solve all technical problems)
Trend Monitoring and Knowledge Management	Porter's 5 Forces Model (to analyse industrial background of a company)
	BCG Matrix (to show company's activities on a single diagram)
	SWOT Analysis
	4 P's of the Marketing Mix
	Lifecycle Analysis (to determine the stage of company's product or service)
Strategic Management Tools	Ansoff Matrix (to determine different growth strategies)
	Trend Monitoring (to survey past, current, future products, services, technologies, practices)
	Knowledge Management (to improve, secure, preserve know-how and skills)

Source: Luxembourg Portal for Innovation and Research

5. Management summary and personnel plan

The management summary section defines the owners and the managers who will be responsible for overseeing all day-to-day operations (their duties, responsibilities, education, skills and experience). It is important to also mention the owner's experience and important past accomplishments that are essential to his business plan and to emphasize owner's specific responsibilities, positions and previous successes. Structure should be accompanied by a graphic diagram to make it clear who will have what function and responsibility. Regarding to personnel, the job position, job responsibilities and skills (or needed skills) of employees should be described. Cast of individual positions can be planned in stages following the short, medium and long-term goals. Do not forget to explain recruitment issue and what training might be needed as well.

An example of company's organization:

Voith GmbH is 100% family-owned. The advisory committee and the regulatory body are the Shareholders' Committee and the Supervisory Board of Voith GmbH which consists of 20 members and is also the controlling authority for the Management Board. The committee also includes experienced, high-ranking representatives from German industry who are not elected by employees. The Corporate Board of Management is responsible for the strategic orientation of the Voith Group and steers the company.

6. Industry background, market analysis and competitor assessment

This part of the business plan should illustrate industry and market knowledge. In this section it is important to describe factors and trends affecting the industry and consider their implications for a business. Industry background should provide information that will help to understand the dynamics, problems/barriers, and opportunities driving your business in the field of innovation environment. It should state the current status and prospects for the industry and it should provide description of the principal participants and identifies potential major partners for future cooperation. For instance, in case of renewable energy projects the analysis related to energy sector and RES in a country should be provided. Additionally, do not forget to find out information concerning the legislative basis, institutional framework, on-going reforms and national energy efficiency programmes that are aimed to improve and strengthen energy sector.

Market analysis should illustrate and present information about market where you intend to sell product/service including detailed overview of market size, market share, barriers to entry (e.g. changing technology, high investment cost, lack of quality personnel, patents and proprietary knowledge etc.) and barriers to innovation in your company (e.g. financial constraints, competitors copying the innovation, lack of protecting intellectual property, absence of complementary assets such as production facilities and access to distribution channels, poorly developed design and manufacturing skills, and insufficiently developed technological and managerial skills to commercialize a product professionally). It should also outline the possibilities for cooperation with other organizations and clearly describe target customers of the business. Possible customer segmentation criteria for the customer goods markets are as follows:

- Location: country, urban/rural
- Demographics: age, sex, income, profession,
- Behaviour: frequency of product use, product application
- Buying habits: brand preferences, price consciousness

Possible customer segmentation criteria for industrial goods markets are as follows:

- Demographics: company size, industry, location
- Operations: technology employed
- Buying habits: centralized or decentralized purchasing, purchasing criteria, supplier agreements
- Situational factors: urgency of need, order size⁶

⁶ Structure and Key Elements of a Business Plan. Available at:
http://www.advantageoakland.com/ResearchPortal/Documents/bc_busplantech.pdf

The target customers of RENAC's training programme are technicians, decision-makers in policy-making and administration, suppliers and students.

AGROTEL GmbH's products are primarily designed for the agricultural, industry and commerce sectors. The company also provides solutions for communal and private consumers.

2G ENERGY AG's customers range from farmers to industrial clients, municipalities, real estate industry, up to municipal utilities and big utility companies.

Do not forget to pay attention to competition analysis and to distinguish direct competitors from indirect competitors. Competitor analysis should also identify your competition by product line or service and market segment. It is important to focus on the following issues:

- Markets or market segments are served by the competitors
- Product/service features and benefits offered by competitors
- Possible reasons why customers buy from the competitors
- Competitors' strengths and weaknesses
- Other information e.g. pricing, promotion, distribution, length of time in business etc.

7. Marketing plan

It is required to have a strategic and targeted marketing plan either for a new or pre-existing business. Marketing plan includes strategies for pricing, distribution, promotion and advertising. While composing the marketing strategy, it is necessary to focus on the way the company will address the competitive advantage, will support the day to day operations and will raise awareness about product/service.

While preparing your marketing plan, the following issues must be taken into consideration:

- Determine your marketing strategy. Several examples of marketing strategy are described below:

Table 2 **Marketing strategies**

Cost Leadership (market share maximization)- reducing costs by increasing sales volumes and creating economies of scale
Quality leadership (market skimming) – developing high quality products/services
Market leader – winning a major market share and reinforcing company's position in relation to cost and/ or quality
Follower strategy – copying leader and learning from its mistakes
Niche or focus strategy – focusing on customers with not yet satisfied wants and needs

Source: Institute Universitaire International Luxembourg. business plan toolbox

- Determine your pricing strategy (examples are provided in Table 3). The following principles should always be the foundation of pricing decisions: Understand your true direct/indirect costs; Know your own company and its goals; Know your primary customers, their needs and willingness to pay; What kind of cost savings might interest customers, Do not underpriced, Do not overpriced; Know your competition and market.

Table 3 Pricing strategies

Cost - Plus Pricing Strategy - adding a percentage onto the actual cost of product/service
Competition –Based Pricing Strategy - charging a similar price to its immediate competitors
Skimming - Charging a high price for an amount of time in case of a unique product/service
Loss Leader Pricing Strategy - pricing a product/service at /or below cost
Penetration Pricing Strategy - a product/service at a lower price than a normal price
Version Pricing - creating lines of products at different price levels

Source: <http://www.marketingplan.net/pricing-strategies>

- Explain the distribution channels (include a picture of geographical or sale territories). List the major customers and demonstrate how products/services reach them. Do not forget to mention the number of distribution levels between your company and the end customer, if you have own network of sales representatives and if product/service will be distributed directly or indirectly.
- How will you promote your product/service? What marketing tools will be used? For instance, the following marketing techniques could be used for the renewable energy sector:
 - 1) Advertising: you need to have a call to action, an identifier code for tracking the response, headline that catches a reader's interest;
 - 2) A website: the ways to get people to your website include: pay per click advertising, search engine optimization, email marketing, and inbound links from relevant websites;
 - 3) Direct marketing: it is important to have a good quality list as well as the content of the mailer, and call to action;
 - 4) Public relations (PR): crucial to build relationships with key journalists and providing them with interesting stories
 - 5) Social networking sites, blogs: a useful way for building relationships (Twitter), finding out about and discussing the latest developments in the market (Linked-in), keeping with touch with customers and showing off work (Facebook), demonstrating your expertise (all of them).
 - 6) Referral systems: good referral networks are built on trust, and it's easy to get started

- 7) Email marketing: great way of keeping in touch with lead, prospects and existing customers; sending regular newsletters might help you to demonstrate your expertise over time;
- 8) Strategic alliances: refer to teaming up with organizations or individuals who operate in different markets;
- 9) Testimonials: directly ask customers to express their opinion about your company and make sure that your customers recommend you on the independent sites;
- 10) Upselling existing customers: an easy way for renewable energy businesses which offer a wider range of renewable energy, and possibly also energy efficiency, products and services.⁷

8. Operational plan

Operational plan is an overview of the activities related to day-to-day operations of the business: producing the products or delivering services to customers, and/or manage personnel to achieve company's objectives. Important elements to consider in an operational plan are:

- Business premises situation, major fixtures and equipment your business requires

E.g. technical equipment for operation of a biogas plant: Line for the collection and treatment of expired foodstuff, food leftovers, kitchen waste; Line for the collection and treatment of slaughterhouse waste; Tanks for receiving materials after treatment and before hygienisation; Hygienisation unit approved according to Reg. (EC) No. 1774/2002; Storage tanks for treated and hygienised organic substrates and/or substrates without hygienisation, supplied in liquid form (3 pc.); Weighing tanks producing mixtures for fermentation (3 pc.); Solid input system for solid manure or renewable raw materials (silage); Cylindrical digester 1-6; Concrete fermentation stirrer - main fermentation unit (3 pc.); Concrete fermentation stirrer - cofermentor (3 pc.); End storage and mixing equipment.

- Main suppliers/vendors, sub-contractors and terms of payment;

"One of the key recommendations for those looking to install a renewable energy system of any scale is: be knowledgeable! Read, research, and talk to others. If there is a technology certification program in your country or another, this may provide you with an orientation of which manufacturers have gone through an independent verification process to certify that the quality of their products is recognized. Given the novelty and rapid changes in the sector,

⁷ Debenham, C. 2012. 10 techniques for marketing your renewable energy business

most literature strongly recommends looking for referrals.” (Commission for Environmental Cooperation, 2010)⁸

- Terms of conditions of sale, mechanism for sales and service, credit policy for customers, reductions;

BioConstruct GmbH offers support in the raising of funds to customers in order to avoid, that bio-energy concept stay unused. By means of longtime contacts to banks with experiences in financing energy projects, the company is able to facilitate the raising of the loans. Additionally, the company offers partnership and stand in with equity, if a customer does not like to operate a biogas production plant on his own.

- Stock control procedure, quality assessment and quality control; Several examples are listed below:

Awite Bioenergie GmbH introduced a quality management system based on DIN EN ISO 9001:2008 in 2008. This system is audited annually and updated accordingly with the results. The implementation of such a system is optional in order to secure internationally acknowledged quality standards.

BMF HAASE Energietechnik GmbH established quality framework based on DIN EN ISO 9001:2008 (quality), DIN EN ISO 14001:2004 (environmental protection), BS OHSAS 18001:2007 (labor and health protection), Specialist Firm acc. to § 19 I WHG, Specialist Firm in welding acc. to DIN EN ISO 3834-2.

WELTEC BIOPOWER was certified in 2008 in accordance with ISO 9001:2008 and ISO 14001:2004.

All biogas plants manufactured by ÖKOBIT GmbH are subject to a special safety-related acceptance test as part of an independent expert inspection. The company is an accredited specialist company in accordance with Section 19 I WHG [Water Resources Act].

Honeywell GmbH FEMA Regelgeräte fulfills the criteria of SIL 2 (Safety Integrity Level 2) for pressure switches, thermostats and two-wire pressure transmitters according to IEC 61508-2 which is the basis for the manufacture of safety-relevant components for process automation. Additionally, FEMA products are certified according to DIN EN ISO 13849-1.

⁸ Commission for Environmental Cooperation. 2010. Guide to Developing a Community Renewable Energy Project in North America

ISO International Standards (www.iso.org) can help solve the energy challenge by increasing energy efficiency, and promoting the development of renewable energy technologies. ISO standards represent consensus on concrete solutions and best practice for energy efficiency and renewables and they open up markets for innovations that address the energy challenge. Over 150 standards are related to energy efficiency and renewables. These range from the energy management system standard ISO 50001 that can be used by any organization in any sector, to standards specific to certain sectors, such as building or transportation. For instance, ISO 50001:2011 specifies requirements for establishing, implementing, maintaining and improving an energy management system, whose purpose is to enable an organization to follow a systematic approach in achieving continual improvement of energy performance, including energy efficiency, energy use and consumption. ISO 50002:2014 specifies the process requirements for carrying out an energy audit in relation to energy performance. It is applicable to all types of establishments and organizations, and all forms of energy and energy use. ISO 50003:2014 specifies requirements for competence, consistency and impartiality in the auditing and certification of energy management systems (EnMS) for bodies providing these services. In order to ensure the effectiveness of EnMS auditing, ISO 50003:2014 addresses the auditing process, competence requirements for personnel involved in the certification process for energy management systems, the duration of audits and multi-site sampling. Additionally, ISO 14044 for life cycle assessment, ISO 14025 for environmental labels and declarations and the future ISO 14067 for the carbon footprint of products are examples of standards increasing transparency. See other ISO standards related to renewables in Table 4.

Table 4 ISO standards and renewables

Bio-energy - The ISO 13065 specifying sustainability principles, criteria and measurable indicators for the processes involved throughout the supply chain of bio-energy, an energy source derived from biological sources (biomass) such as wood, straw, manure and sugarcane.
Solar power - 16 ISO standards published for solar thermal energy systems terminology, classifications, performance rating and test methods.
Wind power – ISO 81400-4 outlines design and specification of gearboxes for wind turbines.
Solid bio-fuels – ISO is developing a series of standards on solid bio-fuels outlining specifications and classes.
Hydrogen – ISO standards for green hydrogen technologies cover areas such as gaseous liquid hydrogen, fuel (including airport fuelling facility operations), detectors, generators, etc.

Source: ISO & energy. Working for a cleaner, sustainable future

- Plan for procurement and assembly of main system components
- Description of physical infrastructure and IT infrastructure, management information systems; see the following example:

To simplify communication and to ensure a secure data exchange with business partners, Voith GmbH implemented the Voith Extranet as a central entry point for external, registered suppliers. By registering with an user-account and password on the Voith Extranet, suppliers and service providers get access to all relevant applications (Supplierportal SM@V, E-Purchasing, Brainloop, iPoint - SEP etc.) to share data with Voith purchasers, company wide.

- Training, employee education program;
- Details of consumer protection measures including warranties, service, and education. Several examples are provided below:

Viessmann offers for trade partners the services such as Assistance from the Technical Service department, demand –driven software, support in the form of advertising and sales promotions, and a user-friendly information and ordering system available online around the clock. Consulting services in energy efficiency and energy management are offered for commercial and industrial customers.

WELTEC BIOPOWER provides flexible solutions offered to customers who will receive a short message on their mobile phone in case of any failure of a plant. A customer can log in and solve the problem immediately. If, in any case, no solution can be found, WELTEC BIOPOWER is able to access the computer system and to reconstitute the system of the Biogas Plant. Additionally, every plant is supported by their trained distribution partners on site and right from the start and during every phase of the project.

BioConstruct GmbH offers a wide range of upgrades due to Siemens- based measurement and control system. The service team is available seven days a week -24 hours a day in order to help customers with decision for example, concerning the choice of input material, the analysis of malfunctions in the gas production or in finding the right solutions for technological problems.

ÖKOBIT GmbH provides, for example, support with installment purchase or leasing and a 24-hour service for your biogas plant.

EnviTec Biogas AG offers an all-round worry-free package to its customers- from planning, to financing, insurance, to commissioning, maintenance and support. Technical service is there for its customers 24 hours a day. Also, the company is able to guarantee short

delivery periods of failed parts due to the fact that all important components are on stock at all times. The company provides biological service through start-up of a new plant at no extra charge, including plant data collection of the biogas facility by daily dialing into customer's host system, regular visits and schooling of the operator in a customer's facility. Furthermore, the company conducts regular testing of the fermenter biology and the fermenting potential of the input substances for accurate feeding recommendations.

9. Financial plan

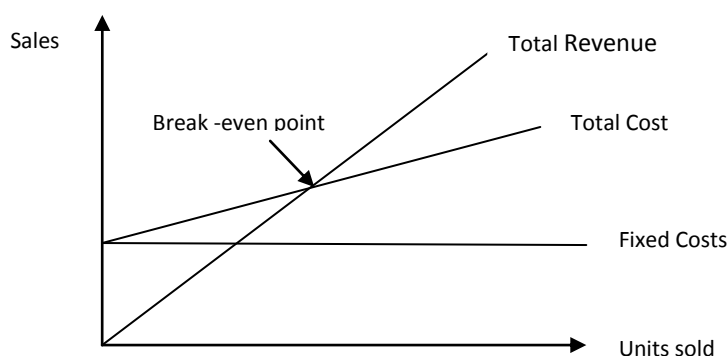
Financial planning means a challenge to cope with, especially in respect of renewable energy project. Financial plan is based on an estimation of the costs incurred and the income generated by a business. Therefore, it is crucial to clearly specify the assumptions that lie behind the projection of figures, both in terms of costs and revenues. This section should state what will be the source of revenue and income, how much funding will be needed from external sources and include estimates of interest repayments on loans. The following three main financial statements could be used in business planning:

- The Profit and Loss forecast refers to statement of sales, costs and profit (or loss) over an accounting period (usually one year).
- The Cash Flow budget gives a forecast of money inflow and outflow over a specific period of time. The main difference in comparison to profit is that it does not include notional costs such as depreciation but does include capital payments, private drawings and tax.
- Starting Balance sheet shows investors the items the business anticipates to own at the beginning and end of each forecasted year and whether proposed business provides an opportunity.

The other possible components of the financial section are as follows:

- Risk analysis: Alongside the financial forecasts it is good practice to point out that a company is aware of the risks, therefore, the business plan should review the most important ones and how management will reduce their impact on business operations.
- Break-even point analysis is a useful tool to analyse critical profit drivers of business including sales volume, average per-unit sales price, and average production costs.

Figure 1 Break-even point analysis



Source: own proceedings

Financial aid can help to establish an innovative business, to support R&D and innovation projects or to provide support to companies which need help with financing clean technologies and sustainable development. Financial aid target Small and Medium-sized Enterprises involved in R&D and innovation activities. For instance, research, development and innovation is supported by the European Union programmes targeting wide range of actors/projects and offering various support measures (Table 4).

Table 5 European Funding Programmes

Horizont 2020 provides opportunities to join R&D and innovation projects carried out by international teams with co-funding from the EU
EUREKA -targets companies that develop new products that are close to the market
Eurostars supports R&D projects which are implemented by SMEs and conducted in transnational cooperation within any technology field
COST stimulates researchers to collaborate and provides financial support for joint activities such as conferences, short-term scientific exchanges and publications.
Active and Assisted Living increases the quality of life of older people through the use of information and communication technologies.
European Regional Development Fund helps to reduce the regional disparities in the EU and to promote the development of its regions
European Space Agency promotes cooperation among European states in space research and technology

Source: Luxembourg Portal for Innovation and Research

10. Conclusion

The document presents step-by-step guide for the complete development of Business Plan in Innovation Environment. This document is designed to give an overview of essential components that should be considered while writing a business plan. It also provides practical advice and recommendations that will help stakeholders to understand elements of a business plan when starting a project and it also specifies the way of assessing the costs and benefits of the project no matter of the nature (research or industry). Business plan is one of the important issues of start-up, due to the fact that it serves as a roadmap to achieving company's goals and objectives. Effective business plan provides answer to readers' questions before they are asked.

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Company logo

COMPANY NAME

BUSINESS PLAN

Contact details (postal address, email address, telephone)

Online/Social media

Name of Owner/Contact person

Presented to: Name/Company

Prepared: date and place

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1. EXECUTIVE SUMMARY

Briefly describe the fundamental elements of each section.

2. BUSINESS SUMMARY

- Who you are? (legal name, legal status, ownership, size of your company, description of what the business (will) do)

- How long have you been operating? (summarize the history, state who started it, date of its start, its major achievements to date)

- Where is your company located? (include physical address, the size of facilities, the advantages of the location, state if business premises are owned or leased)

- Vision statement: "What is your preferred future"?

- Mission statement: “What business are you in?”?

- What are your business goals?

My short-term objectives are:

My long-term objectives are:

- What are your products/ services? (Shortly describe your product or service, more details are required in the section ‘Products and Services’)

- Who is your target customer (segment)? (Shortly describe your target segment, more details are required in the section ‘Marketing plan’)

- Who are your key managers?

Name and title	Job title and job description	Summarize resumes
	Position: Main responsibilities:	Education: Key skills: Academic/professional qualification: Business experience: Important past accomplishments:
	Position: Main responsibilities:	Education: Key skills: Academic/professional qualification: Business experience: Important past accomplishments:
	Position: Main responsibilities:	Education: Key skills: Academic/professional qualification: Business experience: Important past accomplishments:
	Position: Main responsibilities:	Education: Key skills: Academic/professional qualification: Business experience: Important past accomplishments:

- Define your personnel.

Job title	Number of employees	Full time/ Part-time	Pay structure (Salaries/ hourly wages/ overtimes/ benefits etc.)	Job description (duties, responsibilities)

- What are the procedures for acquiring new employees?

- State additions to a management team or personnel, if you plan.

Job title	Quantity	Skills needed	Required date

- Specify training methods and requirements (training for operations or/and management, the amount of costs to the business).

--

4. PRODUCTS AND SERVICES

- What are your products/services?

Product/Service	Features	Benefits (What makes your product/service unique and better?)	Product: manufactured in-house/assembled from different vendors. Service: performed by internal staff/ subcontracted to field consultants

- If new products/services are planned to be launch, explain whether they will be an extension of an existing product or entirely new products. Mention also steps for launching them and introduction date.

--

--

- Is your product or technology proprietary, patented, copyrighted?

--

5. INDUSTRY BACKGROUND AND MARKET RESEARCH

- What is the current status for the industry? What problems is the industry experiencing?

- Describe factors and trends affecting industry. Are there any government regulations that affect the industry? What are their implications for a business?

- What is the size of the target market? What is/will be your market share?

- Define the barriers to entry.

- What are your main strengths and weaknesses?

- What are your main opportunities and threats?

--

- Who are your target customers? (Demographics, behaviour, buying habits, geographic characteristics etc.)

For each customer group:

Age	Gender	Location	Income level	Education	Other

For business customer:

Industry	Size of firm	Location	Quality/Technology/ Price preferences	Other

- Who are your competitors?

Competitor	Strengths	Weaknesses	Reasons why customers buy from competitors

6. MARKETING PLAN

- Describe your marketing strategy.

- What is your pricing strategy?

- What is your distribution strategy? Explain your distribution channels, include a picture of geographical or sale territories.

- What is your marketing communication strategy? How will you advertise and promote your product/service?

- How often and how much will you spend on your advertising budget?

7. OPERATIONAL PLAN

- How and where (will) do you produce and deliver your product/service? (Detail all physical space locations, state major fixtures and equipment your business requires, detail your premises situation).

--

- What physical infrastructure, IT infrastructure and management information systems do you require?

--

- Who are your key suppliers/vendors?

Supplier	What you do (will) buy from them	Payment terms (no. of days' credit)

- What are the terms of sale? What is your credit policy for customers?

--

- How will you manage inventory? (stock control procedure)

- How do you assess quality and meet product safety standards? What methods of quality control will you implement?

- How can your customers get in contact with you? What customer protection measures will you provide? (warranties, service, education) What are the warranty terms?

- How will you meet your insurance requirements?

8. FINANCIAL PLAN

- What are your start-up costs?

	Estimated amount
OFFICE	
•furniture	
•plant and machinery	
•vehicles	
•stock	
•rent fee	
•water	
•electricity	
•computer equipment	
•telephone	
•consumables	
LAND and BUILDINGS	
•land	
•buildings	
INTANGIBLE FIXED ASSETS	
•patents, licenses	
•software licenses	
•franchise rights	
•goodwill	
INSURANCE	
•office	
•equipment	
•personal insurance	
WAGES	
LICENCES	
LEGAL AND OTHER PROFESSIONAL FEES	
TAXES	
WEBSITE HOSTING	
MARKETING	
•online advertising	
•printed advertising	
INTEREST	
OTHER (please specify)	
TOTAL INVESTMENTS	

- What are your sources of capital?

Owners' investment	
•Owner I.	
•Owner II.	
•Other investor	
Total investment	

Bank loans	
•Bank loans I.	
•Bank loans II.	
Total bank loans	

Other loans	
•Other loan I.	
•Other loan II.	
Total other loans	

- Summarize your balance sheet forecast.

ASSETS		LIABILITIES & EQUITY	
Current Assets		Current Liabilities	
Accounts Receivable		Accounts Payable	
Inventory		Current Long-term Debt - bank	
Cash		Other (please specify)	
Prepaid Expenses			
Other (please specify)			
Fixed Assets		Long-term Debt	
Land & Building		Long-term Debt- bank	
Machinery & Equipment		Other (please specify)	
Furniture & Fixtures			
Accumulated Depreciation			
Other (please specify)			
Other Assets		Owners' Equity	
		Total Shareholders Equity	
		Other (please specify)	

- Summarize profit and loss statement forecast.

•Gross revenue			
COSTS OF SALES			
•Cost of sales			
GROSS PROFIT			
• Gross profit			
EXPENSES			
•Personnel			
•Training and seminar costs			
•Advertising and promotion			
•Depraciation			
•Insurances			
•Consumables			
•Repairs/Maintenance			
•Electricity, water, gas			
•Equipment and vehicle leasing			
•Interest			
•Banking and related services			
•Rents			
•Taxes and Fees			
•Other (please specify)			
•Other (please specify)			
•Other (please specify)			
Net income before income tax			
Income tax			
NET INCOME			

- Carry out break-even point analysis (double -click the table below to enter your details).

BREAK EVEN-POINT ANALYSIS				
Average price of each product/service				
Average variable cost of each product/service				
Fixed costs				
Total sales needed to break-even				#####
Number of units sold needed to break-even				#####

- Managing financial risks:

The financial risks are:

The solutions for minimising their impact are:

- Summarize cash flow forecast.

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
CASH RECEIPTS												
•Cash sales												
•Collections from accounts receivable												
•Other (please specify)												
CASH PAID OUT												

