

SECTION

BDB LENDING REQUIREMENTS

Before you start writing your business plan, take a moment and consider our lending Requirements.

Section 1a.

Loans Less Than \$100k			
Location	Debt/Equity	Collateral Coverage	Debt Service Ratio
New Providence	85%	100%	60%
Grand Bahama	85%	110%	60%
Family Islands	90%	75%	75%

Section 1b.

Loans Greater Than \$100k			
Location	Debt/Equity	Collateral Coverage	Debt Service Ratio
New Providence	85%	100%	60%
Grand Bahama	85%	100%	60%
Family Islands	90%	90%	75%

Section 1c.

Location	Loan Less Than \$100k	Loan Greater Than \$100k
New Providence	>2	>5
Grand Bahama	>2	>5
Family Islands	>2	>5

Section 2a.

We will want to know of your personal financial state of affairs

Loans Less Than \$100k				
Location	Time on Job	Disposable Income	Relevant Experience	Net Worth
New Providence	>2yrs	>30%	>3yrs	>\$100k
Grand Bahama	>2yrs	>30%	>3yrs	>\$100k
Family Islands	>1yr	>20%	>4yrs	>\$100k

Section 2b.

Loans Greater Than \$100k				
Location	Time on Job	Disposable Income	Relevant Experience	Net Worth
New Providence	>5yrs	>40%	>5yrs	>\$250k
Grand Bahama	>5yrs	>40%	>5yrs	>\$250k
Family Islands	>4yrs	>30%	>5yrs	>\$100k

1. Executive summary	Write the executive summary last after you have finished writing sections 2- 7 of your business plan. Try to be brief (one page if possible).
1.01 General Company Description	Describe the project in a few short sentences. For example, There is an opportunity to provide hotels and restaurants In the Bahamas with quality cuts of pork loins, ham and sausages. In 2007 local hotels and restaurants imported 120 tons of such products. Our research indicates that these establishments will purchase from a local supplier should a reliable, quality source exist. The project is to set up a processing plant that will process 80 pigs per day.....
1.02 Location	Summarize section, 2.03 below.
1.03 Project Cost & Financing Source	Summarize section, 2.05 to 2.07 below.
1.04 Sponsor/Applicant	Summarize section 3.02 below.
1.05 Management	Summarize section 3.03 below.
1.06 Market	Summarize section 4 below.
1.07 Financial Projections	Summarize section 5 below.
2.00 PROJECT SCOPE	
2.01 Problem Opportunity/Analysis	Q1 What is the need in your market? <u>Example</u> There is a demand for good quality, locally made, pork products that are fresh and able to be delivered at short notice to the hotels.....
2.02 Problem Opportunity/Objective(s)	Q1 What is your proposal to meet that need? We propose to meet that demand with our new meat processing plant. Our objective is to produce a quality product that is comparable to imported goods.

	<p>Q2 Are there any other issues that you are addressing? We are going to make our products more appealing with fewer preservatives than imported products.</p>
<p>2.03 Location & Site Selection</p>	<p>Q1 Describe your site.</p> <ul style="list-style-type: none"> • What is the square footage? • Where is it located? • What are the advantages? <p>Q2 How is it suitable to your project?</p> <p>Q3 How convenient is it for your customers?</p> <p>Q4 Is the site correctly zoned for your purpose?</p> <p>Q5 Is there room for expansion?</p> <p>Q6 How adequate is the local infrastructure?</p> <ul style="list-style-type: none"> • How good are the roads? • Will you have a reliable electricity supply? • Will you need a generator? • Will you have reliable water supply? • How near are the people that supply your business with its raw materials?
<p>2.04 Design & Choice Of Technology</p>	<p>Q1 What type of machinery & equipment will you be using? Describe the equipment and how it works.</p> <p>Q2 How many different types of equipment did you consider before you made your decision? Are they scalable?</p> <p>Q3 Give reasons for your choice?</p> <ul style="list-style-type: none"> • Was it purchase price? • Does it have a lower operating cost? • Is it easier to use? • Does it have better factory support? • Does it require little maintenance? • Is it energy efficient?
<p>2.05 Project Cost Estimates</p>	<p>Q1 How much will the project cost?</p> <p>Q2 What size loan do you require from the BDB?</p> <p>Q3 How much equity (your money and assets) will you</p>

be putting into the project and how much financing (loan) do you require from BDB?

Example

The sponsor requires a loan from the BDB for the following items:

Item	Loan	Equity	Total
Land	75,000	75,000	150,000
Building Site & Preparation	125,000	2,000	127,000
Machinery & Equipment	50,000	18,500	68,500
Office Equipment	0	8,000	8,000
Vehicles	0	25,000	25,000
Pre-Operating Costs	2,000	0	2,000
Working Capital	15,000	6,000	21,000
Capitalized Charges	4,000	0	4,000
TOTAL	271,000	134,000	405,500

Attach the following information to support your application as an appendix:

- Land /property/building valuations
- Building contract quotes
- Machinery & equipment invoices/quotes
- Office equipment invoices/quotes
- Details of tariff exemptions

2.06 Project Finance Plan

Q1 Where is your equity contribution coming from?

- Cash at bank?
- Real estate?
- Machinery & equipment?
- Marine vessels, automobiles?
- Personal guarantees?

Example

The sponsors have the following assets to contribute towards the project:

EXISTING ASSETS	
Particulars	Value
Land	75,000
Building site	2,000
Machinery & Equipment	8,500
Office Equipment	8,000
Vehicles	25,000
Working Capital – cash at RBC Governors Harbour Branch	6,000
Total	\$134,500

2.07 Security Evaluation

Q1 Is the debt equity ratio of the project within BDB guidelines?

Q2 Will you be able to meet the BDB’s lending requirements? Yes/No and brief explanation.

Please refer to the table in section labeled “BDB Lending Requirements”.

Example

Yes, debt/equity ratio in this case is 66.6%, which is well within BDB’s 85% guideline. The sponsor will also provide 100% of the collateral, which again falls within the BDB’s guideline.

Q3 Will you personally qualify for a loan? The BDB has certain criteria that apply to you as a borrower. (Please refer to section 2 in BDB lending requirements).

2.08 Project Implementation

Q1 When will the project begin?

Q2 When will the project be fully implemented?

Q3 What are the key items that need to be achieved in order to get the project completed?

Aug 2011 Drawdown 40% of funds

Aug 2011 Start renovation works

Dec 2011 Complete renovation works

Dec 2011 Drawdown of 30% of funds

Jan 2012 Obtain completion certificate

Jan 2012 Drawdown of 15% of funds

Feb 2012 Install machinery

Mar 2012 Test machinery

Mar 2012 Drawdown of 15% of funds

Apr 2012 Take delivery of raw materials

Apr 2012 Press launch of new business

May 2012 First delivery of product to customer

2.09 Environmental Impact Assessment (ETA)

Q1 Have you spoken with the relevant government

	<p>department to find out if your project has environmental risk or hazards?</p> <p>Q2 Has an environmental impact assessment been done? If yes, summarize findings and attach the report in the Appendix. If not please provide reason.</p> <p>Q3 What safeguards will you implement and will these meet government requirements.</p>
3.00 ORGANIZATION & MANAGEMENT	
3.01 Institutional Analysis	<p>Q1 Which of the following forms of business is your existing/proposed organization going to be; will your project be a</p> <ul style="list-style-type: none"> • Sole Proprietorship • Partnership • Limited Company
3.02 Primary Stakeholders	<p>Q2 Who are the primary stakeholders?</p> <ul style="list-style-type: none"> • Who are the partners/directors? • What is their share in the company? • What is their involvement going to be? • Explain why you are competent to do the project? <p>Attach principal partners/shareholders resumes in the Appendix.</p>
3.03 Key Personnel	<p>Q1 Who are your key personnel/management team?</p> <p>i.e. Names, ages, industry, experience, tenure (if applicable)</p> <p><u>Example</u> James Earle 35 - Productions Manager - is responsible for keeping the machinery running and meeting customer orders. He joined us in 2001 as assistant production manager, but was promoted to his current position in 2004.</p> <p>Q2 Are there any foreseeable weaknesses in your team that need to be corrected?</p> <p>Example: Our IT personnel require additional training on the new software that we are purchasing.</p> <p>Q3 Who will you hire to strengthen the team?</p> <p>Example: We have identified a suitable candidate for the position of IT Manager, who will be joining the business in Aug 2011.</p>

	<p>Q4 What training programs are in place to train all levels of staff (Short and Long Term)?</p> <p>Example: we have a timetable of proposed training for all staff. Please see attached schedule.</p>
4.00 MARKET ANALYSIS	
4.01 Product	<p>Q1 Describe Your Product/Service?</p> <p><u>Example</u></p> <p>Our product is a twice-weekly mail boat service between Eleuthera and Nassau. The boat is an 80-foot motor vessel built in 1956 with twin 500hp Diesel engines. It sails on Tuesday and Friday between Alice Town and Potters Cay at 8am and 1pm respectively. The boat is designed as a roll on/roll off service to carry vehicles, passengers and produce. Vehicles must arrive at least 60 minutes before sailing time to guarantee a slot. We have storage facilities and accept freight up to 24 hours before sailing. Customers can pay on the day of sailing, or in advance at our offices in Nassau and Alice Town.</p>
4.02 Target Groups	<p>Q1 What is your target market?</p> <ul style="list-style-type: none"> • Enterprises or consumers, males or females, mothers or fathers, the old or the young, blacks or whites, local, national or international markets? <p>Q2 What is your secondary market?</p> <ul style="list-style-type: none"> • Enterprises or consumers, males or females, mothers or fathers, the old or the young, blacks or whites, local, national or international markets? <p>Q3 What is the primary desire of your target group?</p> <ul style="list-style-type: none"> • Quality products or services • Customer service • Price • Availability <p><u>Example</u></p> <p>Primary customer - Building contractors in North Eleuthera that require building supplies at short notice from Nassau. They require a reliable, quality shipping service, which arrives on time at the cheapest possible cost.</p>
4.03 Competition	<p>Q1 Who are your principal competitors?</p>

- What are their names?
- How long have they been trading?
- What position do they have in the market?
- What segment of the market do they serve?
- How do their products, quality and pricing compare to your product?

4.04 Marketing Demand

Q1 What is the volume (population or dollar value) of the total market?

Q2 What does the average person spend on your product per year?

Q3 What is your existing or expected share of this market?

Q4 What are the future opportunities in this market?

Year	Population	(\$'000) Imports	(\$'000) Our Sales	Market Share
2005	353,494	\$4,003	\$463	11.6%
2006	359,612	\$4,072	\$485	11.9%
2007est	365,000	\$4,100	\$495	12.0%

Source: National Statics

Population growth rate 1.54%

Tourist growth rate 3.6%

Per Capita Imports \$11.32

4.05 Marketing Strategies

Q1 How will you get your products to market?

- Sell directly to the customer?
- Sell via distributors/wholesalers?
- What are the advantages and disadvantages of your chosen method?

Q2 How will you price the products?

- Will you sell below your competitor's price?
- Will you sell at the same price?

Q3 How will you promote your product to your customers?

- Will you use public relations mechanisms?
- Will you use advertising?
- Will you have a launch?

Q4 What is your Mission Statement?

Example

We aim to deliver speedy and reliable service at the cheapest price in the market.

4.06 Supply of Inputs For The Projects	<p>Q1 Where are you going to get the raw materials for your project?</p> <p>Pig feed will be purchased from General Mills Inc, Miami Beach, Florida, USA. Timber will be supplied by Tropical Woods Ltd., Georgetown, Guyana.</p>
5.00 FINANCIAL ANALYSIS	
5.01 Financial Assumptions	<p>Q1 What are your financial assumptions?</p> <ul style="list-style-type: none"> • How many hours per day will your machinery be in operation? • How many days will you operate? • How many customers do you expect to serve? <p>Our restaurant can serve 60 covers at one time and will operate two servings - lunch and dinner. We estimate that we will operate at 50% capacity on Tuesdays to Thursdays, 75% capacity on Fridays and Saturdays and 40% capacity on Sundays and holidays.</p> <p>Our machinery will be operated for one eight-hour shift per day and its maximum production capacity is 3,000 tons of flour. We will operate Monday to Friday at 50% capacity, to take into account weaker market conditions and the possibility of machinery malfunction.</p>
5.02 Income Statement (Please attach with financials)	<p>Q1 Will your project make a marginal profit? Along with or from your income statement, answer the following questions:</p> <ul style="list-style-type: none"> • What is your current/expected volume of monthly sales? • What growth rate do you expect in the future volume of sales? • What is the current/expected \$ value of monthly sales? • What is your cost of sales? • What is the gross margin on sales? • What is your % net profit? • What are your expected future profits? • What level of inflation are you assuming?
5.03 Cash Flow	<p>Q2 Will your project be able to service the loan and interest repayments as well as recurring expenses (salaries, utilities etc.)? From your cash flow statement, answer the following questions:</p> <ul style="list-style-type: none"> • How much debt and interest will you be able to repay? • Will you require additional loan facilities as you

	grow, in order to finance your stock, expenses and other payables?
5.04 Risk and Sensitivity Analysis	<p>What are the foreseeable impediments to achieving your goals? Please give details.</p> <ul style="list-style-type: none"> • Are you dependent on the tourism industry? • Is your business cyclical? • What are your safe-guards against economic decline? • Would the departure of any key employee severely cripple your business? • Do you have additional working capital or another source of capital injection should a cash flow issue arise? • Is your business sustained by one major customer? • Are you susceptible to business failure should your competitors begin a price war? • Do you have proper internal controls?
6.00 CONCLUSION & RECOMMENDATIONS	
	Briefly summarize the need, for the business, your proposition, your management capability and why your project is suitable for financing by the BDB.
7.00 TABLE OF FIGURES	
Figure 1: Summary Cost of Project And Financing	Provide table in section 2.05
Figure 2: Existing Assets	Provide table in section 2.06
Figure 3: Expansion Project –New Capital Finance	Provide table in section 2.06
Figure 4: Security Evaluation	Provide table in section 2.07
Figure 5: Market Demand - Sales	Provide table in section 4.04
8.0 APPENDICES	
1. Business & Marketing Plan (for new businesses).	
2. Financial Statements – 2-3 years (or projections for 1 st 12 months if a new business).	
3. Two character references (two per applicant – not from family member).	
4. Credit references from each institution extending credit facility (include loan print-out).	
5. Business License (FDC) if applicable.	
6. Quotation(s) for equipment, supplies or stock to be purchased.	
7. Receipt/Bill of Sale for equipment, supplies or stock already purchased.	

8. Appraisal on property being pledged.
9. Insurance Quotation(s) Contents(s), Auto etc.
10. Resume of Key Management.
11. Passport /voter's card, NIB card, driver's license of each borrower.
12. 3 contractors estimate if building or renovation is part of the loan.
13. Life insurance to cover loan amount for each borrower.
14. Lease agreements (drafts/copy of original).
15. Marine survey on boat if applicable.
16. If business is a company provide copies of <ul style="list-style-type: none">• Certificate of Incorporation• Certificate of Good Standing• Register of Shareholders• Resolutions of Borrowed Funds• Memorandums and Articles of Association
17. If business is a franchise provide a copy of Franchise Agreement.
18. Joint Venture Agreements if applicable.
19. Environmental Impact Analysis if applicable.
20. Confirmation that project and sponsor(s) meet BDB Lending Requirements.