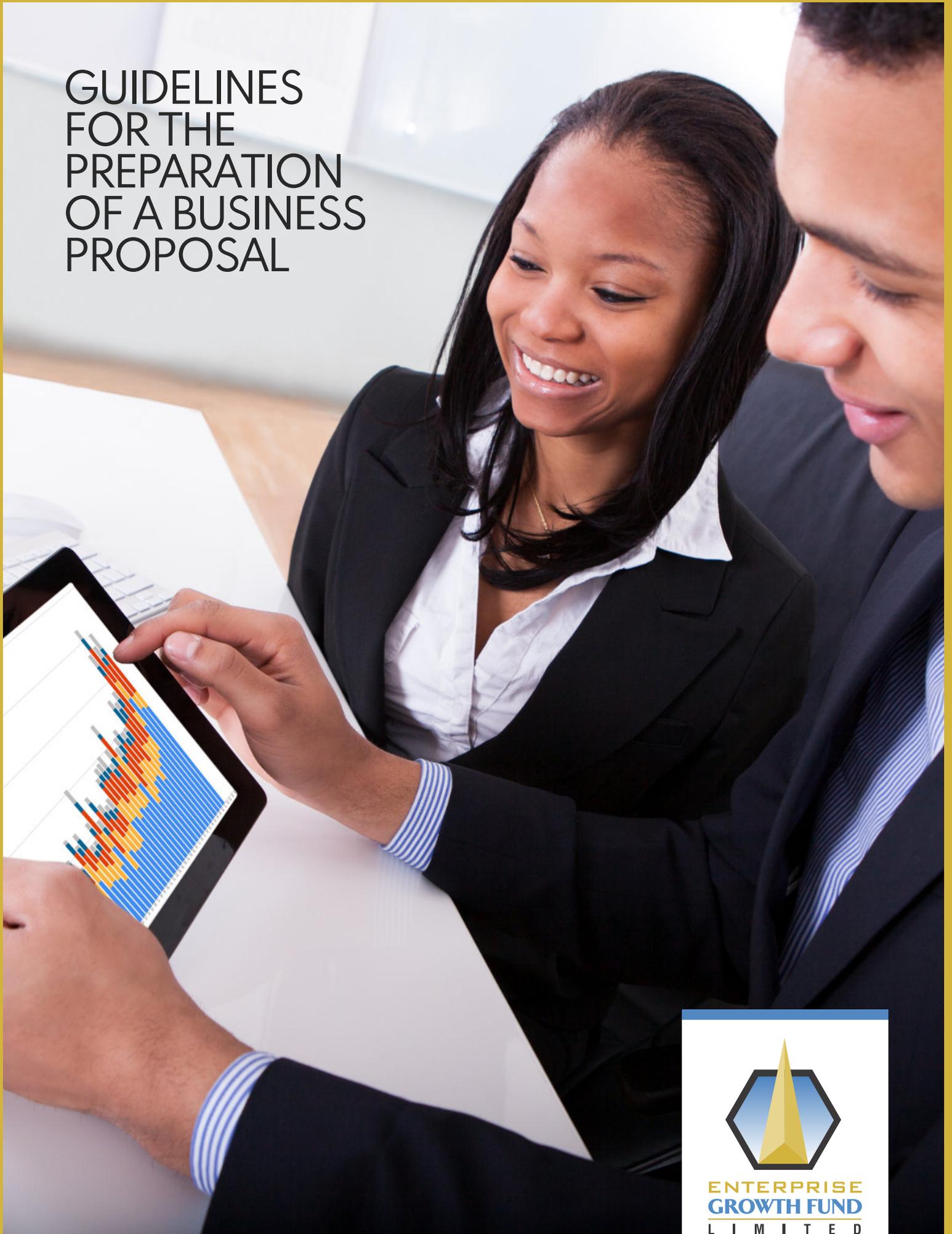


GUIDELINES FOR THE PREPARATION OF A BUSINESS PROPOSAL



**ENTERPRISE
GROWTH FUND**
L I M I T E D

GUIDELINES FOR THE PREPARATION OF A BUSINESS PROPOSAL

A comprehensive, well-prepared business proposal serves two main objectives. First, it demonstrates that the entrepreneur has conducted a thorough analysis of his (her) industry, and his (her) plans for facilitating the achievement of the goals established for the company over the medium-term. Second, it reduces the time to be spent by the funding agency in evaluating the entrepreneur's request, by eliminating some of the questions that would have been raised. As a matter of fact, in many cases the business proposal plays a key role in the decision by the venture capitalist to invest further time and energy in analysing the entrepreneur's situation for the purpose of determining whether he or she is a suitable candidate for venture capital funding. Accordingly, Business Proposals should contain the following information:

1. Summary

- Company Name, Address and Telephone/ Fax Numbers
- Contact Person
- Type of Business
- Brief Profiles (2-3 sentences) of Key Management Personnel
- Product/Service and Competition
- Funds Requested
- Breakdown of the use of the Proceeds in a tabular form

The summary is essentially a highly condensed version of the topics covered in the complete proposal. Each item under the summary should not be longer than a paragraph.

2. Overview of the Company

- Nature of the Business – general synopsis of the type of business that you are involved in.
- Business History – date of incorporation, date of introduction of first product/service, most important milestones (including dates). This should be no longer than a page.
- Future Plans – list in chronological sequence the plan for the company, indicating critical milestones during the five-year period. The objective is to state clearly how do you intend to move your company from its current position to where you would like it to be in five years.
- Unique Features – identify what makes your company unique in its industry, e.g. management team, product or service, production process etc. The important point is that there must be something that differentiates this company from all others, in order to make it a feasible proposition for the funding agency.

3. Product/Market Considerations

- Product or Service – should be described precisely in this section, in order to leave no doubt as to what you produce or plan to produce. If the company has several products or services, each should be described in a separate paragraph.
- Customers – describe in detail the customers of the product or service: who uses it, what they use it for, why they buy the product or services (e.g. solely because of the price, or based on other considerations?). Also detail the terms of payment for goods sold or services rendered.
- Industry or Market – describe the general marketplace for your product or service: the total dollar volume, the rate of growth, the overall demand for the product or service as well as the projection for the future size of the industry.
- Competition – describe all the competing products and the various companies that produce them, including where possible, their sales volumes, market share. In this section identify how your product is different from those of your competitors. If you have no competition, please list the reasons for this situation, e.g. proprietary technology, patent position. If you have reason to believe that competitors may enter the industry in the

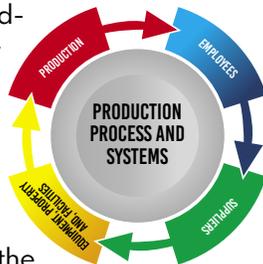


future, indicate each potential competitor and possible time of entry in the market.

- Pricing – Provide information regarding the price of the product or service, including the method by which the price was determined and the amount of gross profit. Be prepared to explain, in straightforward terms, the rationale behind the pricing e.g. due to competitive forces or because the market is such that you can set your own price?
- Promotion
- Distribution
- Marketing – provide information about your process and the channels of distribution. Information should cover the means by which your product or service is delivered to the ultimate user, any special arrangements that govern the marketing of your product.

4. Production Process and Systems

- Production – describe all stages of the production process and factors affecting production, as well as the method by which costs of goods sold is calculated. This section should also include a description of the production process (e.g. difficult or sophisticated, many components or a few, value-added component, components critical to the production process).
- Employees – describe the number and categories of employees, management's relationship with work force, unionised or non- unionised. If the company is unionised, describe the union contract, the relationship with the union, and expiration date of the contract.
- Suppliers – list the top three or four companies that supply your company with items essential for operations. Include the type of product and dollar volume supplied.
- Equipment, Property and Facilities – describe what you currently own or intend to purchase.
- Patents and Trademarks



5. Legal / Regulatory Considerations

- Litigation – provide details of any litigation that your company is currently involved in, whether as complainant or defendant, as well as any potential litigation.
- Government Regulations
- Environmental Factors – list all aspects of your company's operations that impact either positively or negatively on the environment.

- Conflicts of Interest
- Insurance
- Taxes

6. Organisation and Management

- Organisational Structure
- Directors and Officers
- Key Employees – provide a resume style summary of the background and work experience of the key three or four employees.
- Remuneration – list the names of the key employees, directors or officers, the capacity in which they are or will be serving, the salary or remuneration that they have received or will receive.
- Principal Shareholders
- Employment Agreements (if applicable)
- Conflicts of Interest
- Accountants, Consultants, Lawyers, Bankers – list names, addresses, telephone numbers.

7. Financial Considerations

- Use of the Proceeds – specify how you intend to use the funds.
- Risk factors – describe the major drawback(s) to investing in your company, e.g. limited operating history, limited resources, limited management expertise, market or production uncertainties, dependence on key management. Identify key actions to manage these factors.
- Financial statements – provide copies of audited balance sheet, income statement, and cash flow statement for the past three years, or the length of time that you have been in operation if this is less than three years.
- Financial Projections – provide annual financial projections, inclusive of balance sheet, income statement, and cash flow statement for the next five years, including a detailed monthly cash flow statement for the next twelve months.





**ENTERPRISE
GROWTH FUND**
L I M I T E D

CONTACT US

“Westgate” Monteith Gardens,
Barbarees Hill, St. Michael, Barbados, BB12059
Tel: 537-5900 • Email: finance@egfl.bb

www.egfl.bb

