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Chapter I SUMMARY OF THE PROJECT

Name of the Enterprise

Just the name of the enterprise and two sentences why you chose that name

(Do not use acronym of your names. Select a name that could give buyers an idea on the kind of product/service you are offering)

Logo

Draw the logo with a two-sentence explanation on what the logo represents

Location

Write the specific place, with landmarks and two sentences on why you chose this

Place.

Descriptive Definition of the Project

Describe the project, **NOT THE PRODUCT!!!!!!!!**

Ex. The project is a manufacturing business that would offer ….. It would be operating as a partnership with 5 members and it expects to satisfy the apparel needs and wants of the target market. As business administration graduates, the members will be personally involved in the planning process and will hire technical staff for the operation….. (between 5 to 10 sentences only)

Project Long-Range Objectives

The project will start production at half the capacity of the equipment (state here the market share volume) and will gradually increase production from the third year onwards……. From the fourth to the fifth years, the project is expected to fill the demand of the community/target market by at least \_\_\_%.......... (not more than 5 sentences)

Project Time-Table and Status

Make a gantt chart. Business must always start in January of the year

Nature of the Industry

Describe the industry, **NOT THE PRODUCT!!!!!!!**

Search for the type of industry where your product/service is classified and describe this industry (food processing industry, apparel, food service, IT industry, etc…) surf the internet ([www.nso.gov.ph](http://www.nso.gov.ph), [www.dti.gov.ph](http://www.dti.gov.ph) etc)

10 to 15 sentences

Mode of Financing

Ex. The proponents will contribute equal amounts of money to start the business.

Investment Costs

Write the specific amount of investment: pre-operating expenses( licenses, permits, legal fees, etc), cost of equipment and machinery and other fixed capital; and three months operating expenses plus an initial cash outlay.

The amount will be computed after the all the feasibility criteria are determined.

The investment cost will be amount of capital in the Balance Sheet

Feasibility Criteria (every criterion must not be more than 5 sentences each because these are just summaries of the different chapters of the study)

Market Feasibility

Example: The project was found to be feasible because the study showed that a demand of (how many?) exists. Supply was found to be (how many?) resulting to unfilled demand of (how many?). \_\_\_\_% or (how many?) was proposed to be the market share. This market share was also the capacity to produce considering the resources available.

Technical Feasibility

Example: Before the actual study was conducted, the proponents already have basic knowledge of the technical aspect of the operation because the family of one member is in a related business. However, to be able to be updated in technology, the service of a professional \_\_\_\_\_ will be needed. The business also sought the assistance of government agencies (specify) for industry requirements.

Management Feasibility

Example: the business can start operation with \_\_\_\_\_(how many?) employees for operations and \_\_\_\_ (how many?) for administration. Since the proponents are newly graduates, they must be employed somewhere for their maintenance but will alternately monitor the operations on a regular basis. They will also meet regularly for discussing problems that may arise and plan for strategies to stay competitive in the business.

Financial Feasibility

The business was found to be financially feasible. ROI was computed as \_\_\_\_% and pay-back period stands at \_\_\_\_how many?) years.

Chapter II – MARKET STUDY

General Market Description

* Describe the target market- **NOT THE PRODUCT!!!!!**
* Determine the market’s demographic profile
* No limit in length but not too long with the tendency of repeating data already cited.

Size of the target

Surf the internet for data- how many are likely to buy your products (population) and how do they compare with the target market? This is equivalent to the market share in the demand-supply analysis table.

Not more than 5 sentences

Projected 5-year demand

Show the actual computation of the demand for the first year. For the second to the fifth years, reasonable rate of increase must be used. Justify the rate of increase. The figures will be transferred to the Demand-Supply Analysis and Sales Projection table.

Study of Competitors

List down the names of the competitors and the estimated volume of products they are already supplying the market. This would include direct and indirect competitors. The number of products here will be carried over to the “Supply” column of the Demand-Supply Analysis and Sales Projection table.

Demand-Supply Analysis and Sales Projection

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Year | Demand  (1) | Supply  (2) | Unfilled Demand  (3) | Market share  %  (4) | Market share  Volume  (5) | Selling  Price  (P)  (6) | Projected  Revenue  (P)  (7) |
| 2016 |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |

1. Demand was computed as follows:

* Population (number of products/service people, other businesses, households, offices, or stores likely to buy/ avail of the product/service.
* From the population, identify the target market or the group who will be the main customers.
* Conduct a survey from the target market on who are interested in buying the product and the frequency of purchase.
* Multiply the target market by result of the survey (%) and multiply again by the frequency of purchase per year to get the demand. This is expressed in volume or number of products/service.

1. Supply is the total number of products the competitors are presently selling to the same market.
2. Unfilled demand is the difference between demand and supply. This must always be a positive amount.
3. Market share is the part of the unfilled demand the business is planning to cater to. This must be within the capacity to produce and must be a reasonable quantity (ex: must not be more than the supply. An ideal figure is between 5 – 10%
4. Market share volume is the quantity of the product equivalent to the unfilled demand multiplied by the market share %.
5. Selling Price is the price per unit which is the sum of direct labor per unit, direct materials per unit, factory overhead per unit and a realistic amount of mark-up. Peso amount.
6. Revenue or Sales is market share volume multiplied by price. This amount is carried over to the Projected Income Statement. (Peso amount)

Proposed Marketing Programs

Select from the marketing mix the one/s you will focus on. Give details.

Systems and Forms Design

List the forms and systems or computer programs/systems applicable to your kind of business (ex: official receipts, delivery receipts, accounting forms, POS, etc)

Chapter III – TECHNICAL STUDY

The Product/Service

Describe the product or service, the specifications, the functions, the nutritional value (if food), packaging, etc.

The Quantity and Quality of the Product/Service to be produced/sold

Give details of the market share (volume of products to be produced); the quality must be compared with standards in the industry; warranty that goes with the product; etc. Should be equal to the market share in Chapter II.

The Production Process

* Enumerate the process (or make an illustration of the steps)
* Machinery/tools needed (enumerate with specifications, costs, capacity, if available, design, and name of supplier)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Name of machinery | Cost/unit | Total Cost\* | Name of Supplier | Remarks |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |

\*carried to the Balance Sheet as Asset; basis for computation of total project cost

* Raw Materials (costs) and name of suppliers

|  |  |  |  |
| --- | --- | --- | --- |
| Raw Materials | Cost per unit | Total cost  \* | Remarks |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |

\*basis for computing cost of goods sold or service income; one of the components of pricing; basis of computing total project cost.

* Labor Needed- wages of production workers

|  |  |  |
| --- | --- | --- |
| A  Position Title | B  Rate per person per day | C  Labor cost per unit (B/# of units produced per day) |
|  | P | P |
|  |  |  |
|  |  |  |
|  |  |  |
| Total Cost of Labor per unit\* |  | Pxxxxxxx |

\*basis for computing cost of goods sold; component of selling price

Plant/Store Location

Address of the plant/store, and map

Plant/Store Lay-out

Drawing of the plant/store, structure specification

Total Project Cost

|  |  |  |
| --- | --- | --- |
| Pre-operating costs |  |  |
| Machinery & equipment |  |  |
| Building improvement |  |  |
| Permits, licenses, legal fees |  |  |
| Three-month working capital |  |  |
| Water, power, supplies |  |  |
| Raw materials |  |  |
| Wages |  |  |
| Payroll |  |  |
| Other expenses |  |  |
| Cash (for contingencies & to round off figure |  |  |
| TOTAL (equal to investment cost) |  |  |

List of Estimated Production Overhead Costs, Operating Expenses

Enumerate the expenses not included in the cost of goods sold.

Chapter IV – MANAGEMENT STUDY

Basic Considerations in Forming the Organization (refer to www.dti.gov.ph.dti/upload

1. Personal Considerations- talents, interests, experience
2. External Considerations- tax breaks, special financing programs, marketing support (refer to Primer for Start-up Entrepreneurs, Ramos.2006, BMBE Law); rate of growth of various businesses.

Form of Ownership

Choose the legal form (single proprietorship, partnership or corporation) and justify why this form was chosen. (refer to [www.dti.gov.ph/dti/upload](http://www.dti.gov.ph/dti/upload))

Organizational Structure

* Draw the organizational chart. As a start-up business, its size must be small with only two main branches: operation and administration
* List the job titles with corresponding job descriptions and job specifications.
  + Job title – a convenient name for a role, a term that describes the position to be assumed by an employee.
  + Job description is a statement which explains the essential needs of a job
  + Job specification is a statement which explains the least qualificaNakabili ng bagong swimsuit at leggings? Saka diaper? Tumae na ?tions required in the job holder for the performance of a particular job
* Policies
  + In operation
  + In administration
* Training and development
  + In-house
    - Technical
    - Administration
  + External
    - Technical
    - Administration
* Salaries, Wages and Benefits
  + List here the positions and corresponding salaries of employees not included in the direct labor of the cost of goods sold. Total amount will be included in the Income Statement (Payroll)

Chapter V – FINANCIAL STUDY

Major Assumptions

Describe the trends in the following:

* Marketing study- demand, supply, market share
* Pricing
* Annual increases/decreases in sales, cost of sales and other operating expenses
* Depreciation

Total Project Cost

Refer to Chapter III

Initial Working Capital Requirements

This is roughly equivalent to one month of working capital for contingencies and for rounding off (Sibayan,2008)

Alternative Sources of Financing

Consider loans from banks, angel investors, government financial assistance, etc.

Projected Financial Statements (5 years)

Income Statement

Balance Sheet

Cash Flow

Financial Analyses

Return on Investment

Payback Period

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