



Sustainable
Energy
Communities



What is a business plan?

The business plan serves as a basis for negotiations with financial institutions on project financing. It contains the main results of the feasibility analysis and presents additional information needed to convince potential financing institutions.

Much of the information necessary for compiling the business plan can be gathered from the feasibility study, but additional information must be developed on the project developer, the ownership structure, the management structure etc. The feasibility study is related to the project alone (feasible project or not), - without taking into account any business environment where the project is "immersed". Meanwhile, a business plan adds the business environment, since in reality some real economic actors, most frequently by companies, implement all projects. If, for example, a company's financial performance is poor and the company is insolvent, a bank may refuse to lend even though a project that this company was going to undertake were excellent (and this had been proved by a feasibility study).

Relevant items in a business plan could e.g. include:

General description of the project developer	<ul style="list-style-type: none"> • Legal description • Business history and description • Current status • Future plans • Key management • Existing services • Production and distribution capacity
Market Relations (Market and Competition)	<ul style="list-style-type: none"> • Market demographics • Market trends and growth patterns • Market size and potential • Market competition • Market barriers to entry
Marketing Plan	<ul style="list-style-type: none"> • Marketing strategies • Positioning • Public relations
Technical aspects	<ul style="list-style-type: none"> • Suppliers • Procurement procedures • Equipment • Construction schedule • Operation and maintenance plan • Property Ownership/Lease Terms • Quality Control Measures



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Relevant items in a business plan could e.g. include:	
	<ul style="list-style-type: none"> • Administrative procedures • Staffing and training • Labour considerations • Management control systems
Environmental Impact Assessment	<ul style="list-style-type: none"> • The project developer's and the project's influence on the environment • Emission limits and the possibilities to meet them • EIA Study • Environmental management systems
Management Structure	<ul style="list-style-type: none"> • Professional Service Providers • Division of tasks and responsibilities
Financial Plan	<ul style="list-style-type: none"> • Projection of future income statement • Balance sheet • Cash flow • Current Ownership Summary. • Funding Request / Terms of Investment • Sources and Uses of Funds • Financial Assumptions • Current financial performance and financial soundness of the project implementer • Historical Financials • Break-Even Analysis • Financial Ratios
Risk Assessment	Significant risks of the business and the project (price development, market basis, technical failures etc.).