EDITORIAL

WRITING AN EFFECTIVE BUSINESS PLAN

With all the pressing tasks and deadlines that a businessman faces today, why spend precious time writing a business plan? A business plan is a fundamental yet often undervalued ingredient in a company's recipe for success. It is a proven fact that people who create and write plans are more successful. But, why is it so important?

- It is a blueprint for your business that provides a plan for your management team to follow.
- It provides a considered and logical framework within which a company can develop and pursue its strategies over the next 3-5 years.
- It effectively communicates the company direction to staff.
- It is essential when seeking any type of outside funding as it maps out the path from investment to sustainable profit.

With this in mind, how do you go about writing an effective business plan? First of all, a business plan should be concise, focused and well structured. You should aim for fifty pages or less, choosing appropriate colour graphics and an attractive cover to set a positive tone. Utilize charts, graphs, tables, and pictures to illustrate information. All technical features should be described in layman's terms.

Each section of a business plan should flow smoothly, using a top-down approach and logical sequence where you present the larger picture, followed by the specifics as they pertain to your business. For example, when writing about the market, you will first describe the overall market for your product, and then explain the target demographic market from which you will draw customers and explain their needs. Finally, you will show how you plan to carve your niche by reaching that target market.

Let us examine the eight (8) essential components of an effective business plan to be listed in your Table of Contents:

1. Executive Summary
2. Company Overview
3. Management and Ownership
4. The Product or Service
5. The Business Environment
6. Marketing and Sales
7. Financial Information
8. Supporting Data

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"Strategies for Business Success"

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EXIMBANK MISSION STATEMENT

To be the premier financial institution facilitating the expansion of regional enterprises, by providing the highest quality services, thereby enabling them to take advantage of global trade opportunities.
EXECUTIVE SUMMARY: The Most Critical Section

The executive summary is the critical part of your business plan as outside parties typically review this section first to determine if your company is a potential candidate before reading further. Although it is displayed first in your plan, the executive summary should actually be prepared last as it concisely summarizes the entire contents of your plan, covering all key points. Therefore, in two pages or less, your executive summary needs to describe your business, provide an overview of your plan (identifying your business model, strategies, and management team) and provide a brief summary of key financial information.

COMPANY OVERVIEW Tell your story

The first elements to highlight in your company overview are your mission and vision statements and company motto or tagline. Accordingly, you can proceed to “tell your story”, that is:

- The legal form of your company
- Company history
- Where principal offices are located
- Current stage of development
- What makes your company unique
- What you sell and who you serve
- What resources you will use
- Current infrastructural facilities and future requirements
- Short, medium and long term goals and objectives
- Strategies and plans for the future

MANAGEMENT & OWNERSHIP Most important for investors

Potential investors consider this section to be one of the most important predictors of a successful business. You should start by identifying the owners of the company. Then describe your organisational structure, illustrating it graphically. Accordingly, list key management and operating personnel followed by short profiles that should include their qualifications, work experience, proven track record and any stock ownership. You should also identify any key vacant positions and how you intend to fill them. Notably, it is crucial to include your outside team, that is, attorneys, accountants, advisors, consultants and the Board of Directors.

PRODUCT OR SERVICE Tell the reader about your products, services and suppliers

List the products and/or services that you offer and provide a brief description of each in order of highest sales or significance. You should use layman's terms, avoiding technical jargon and terms that could confuse the reader.

- Highlight your unique selling proposition (a key method of differentiating your company, that is, any unique points about your product or service)
- Describe the features, uses, raw materials and components, after-sale-service and quality in detail.
- Describe your production method and cost, any crucial activities of quality control, research and development completed and to be done, how it will be produced and at what cost and any key regulatory considerations.
- Indicate the stage of each product/service in its lifecycle (introductory, growth or maturity).

BUSINESS ENVIRONMENT Market Analysis

Your market analysis will demonstrate your knowledge of the market and the results of your market research. You should also illustrate your data using charts and graphs.

Here is a breakdown of how to structure your Market Analysis:

- Identify your market and define characteristics like size, segmentation and growth. Pay close attention to the market structure, its trends, and its barriers to new businesses. Identify segments where you have a competitive advantage and assess whether you can expect high enough sales to make other targeted segments worthwhile. Also, what is your current and projected market share?
- Profile the major competitors in your sector of the industry discussing their market share, strengths and weaknesses and explain how you will differentiate yourself from them.
- How is your product positioned in the market and how does it measure up against the competition (defensive versus aggressive strategy)?
- Profile your targeted customers (age, sex, income, and location). What drives their buying behaviour and what would cause them to select your product or service over your competitor? Behavioural targeting has become the buzzword as of late referring to the ability to market by delivering advertisements to consumers based on their recent behaviour.

Conduct a SWOT (Strengths, Weaknesses, Opportunities, Threats) Analysis

In conducting a SWOT Analysis, you highlight the internal strengths and weaknesses of your company, and the external opportunities and threats. Remember to build on strengths; resolve weaknesses; exploit opportunities; and avoid threats. You should also identify some of the risks, assumptions and contingencies that you are making. This is where you demonstrate that you have
thought the plan through and have the ability to adapt. When describing the key risks that you face (i.e. market, technology, management, etc.), explain how the risks faced are being addressed through strategies. Also, if the risks are overcome, what are the opportunities to become a market leader?

**MARKETING & SALES**

**Develop your Marketing Plan**

- The first step is to state your short, medium and long term marketing objectives taking into account the business environment in which you operate, your SWOT Analysis and your overall business strategy. As meeting such objectives should translate into achieving sales, they must be clear, measurable and achievable and have a stated time frame for achievement. Example 1: To increase product awareness among the target audience by forty (40) percent in one year. Example 2: To inform your target market about the features and benefits of your product and its competitive advantage, leading to a fifteen (15) percent increase in sales in one year. If you have multiple objectives, it is crucial to ensure that they are consistent and not in conflict with each other.

Accordingly, after you have identified your marketing objectives, you should map out a game plan of how you will achieve them. This refers to your marketing strategy. To formulate such a strategy, it is helpful to think in terms of the four (4) Ps of marketing: product, price, promotion and place.

**STRATEGISING WITH THE 4 PS:**

- **Product** - the utility that your product offers that your customers value, and whether/how you should change your product to meet customer needs.
- **Price** - what you'll charge customers for products. For example, you might aim simply to match the competition, or charge a premium price for a quality product. You might have to choose either to make relatively few high margin sales, or sell more but with lower unit profits.
- **Promotion** - how you intend to communicate your message, create awareness of your product, motivate customers to buy and increase sales, or other specific targets. For example, you might use advertising, public relations, direct mail and personal selling.
- **Place (distribution)** - how and where you sell. This may include using different distribution channels. For example, you might sell over the Internet or sell through retailers.

**IF YOU SELL A SERVICE, YOU CAN EXTEND THIS TO 7 PS:**

- **People** - Your employees should be equipped with the right combination of resources, skills and capabilities.
- **Processes** - The right processes will ensure that you offer a consistent service that suits your customers.
- **Physical evidence** - The appearance of your employees and premises can affect how customers see your service. Even the quality of paperwork, such as invoices, makes a difference.

**Develop a complimentary Sales Strategy**

Your sales strategy should examine your customer ranking, sales capabilities, selling methods and sales activities. The customer ranking entails categorising customers in terms of profitability and determining the total cost of selling to each one. In light of your sales capabilities, you should describe the availability and quality of personnel, how they are trained, location of sales outlets, ability to generate sales leads, relationship with distributors, ability to demonstrate the benefits of the offering and necessary sales support capabilities. To explain your selling methods, you should distinguish whether you are selling to individuals or to distributors or whether your company uses more than one method. For the last component, sales activities should be prioritised, listing first those activities that led to the most sales in the previous year(s). In prioritising, you should take note of your sales cycle, that is, the amount of time taken to complete a sale.

**FINANCIAL INFORMATION**

**What you’ve achieved and what you expect**

- The content of the financial section of your business plan would depend on whether you have an existing business or a newly formed enterprise. For an organisation that has been operating for a number of years, you should begin this section with your financial statements (Balance Sheet, Income Statements and Cash Flow Summary) for the last three years by means of an overview (paragraph explanation) with supporting graphical and tabular representations of data. Alternatively, for a new/recently formed business, you should start with any monthly management accounts that you have prepared along with your opening Balance Sheet.

In either case, you would proceed with financial forecasts for the next three (3) years which should include income statement, revenue models, and cash flow and break even projections in a spreadsheet style layout, along with a worst case contingency plan. It is important for these forecasts to be consistent with your earlier discussions on past performance trends. You should therefore base any estimates on realistic expectations, not optimistic dreams. For instance, you would be required to make some assumptions about your business’s revenue potential.

If you are submitting your business plan to request financing, for example from Eximbank Ltd, you should state the amount of money required and provide a specific description of the uses of funds and how it ties **continued on pg. 4**
The Trade and Investment Forum (TIC) 2006 was held at the Centre of Excellence, Macoya, from May 17 to 21, 2006. Eximbank Limited was pleased to be part of this annual trade show organised by the Trinidad and Tobago Manufacturers’ Association (TTMA).

As the Caribbean’s largest trade convention, the TIC 2006 had a focused approach to business networking and trade that facilitated both business to business and business to consumer communications. As an exhibitor, Eximbank therefore had the opportunity to showcase its products and services not only to the buyers, distributors and consumers that participated in the Forum, but also to our fellow exhibitors.

With the wide cross-section of visitors to our booth, Eximbank Ltd. was able to build awareness of our organisation as the support mechanism for exporters and importers, as they embark upon regional and international trade ventures. Furthermore, we left the TIC 2006 equipped with a list of potential business partners and opportunities to build mutually beneficial business relationships.

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**FINANCIAL INFORMATION**

What you’ve achieved and what you expect back to your business development goals. You should present a realistic timeline showing the resulting revenue generation and payback plan.

**SUPPORTING DATA**

Support the exciting story presented

- Supporting data brings justification to your business plan and should be placed under the Appendices of your plan. Here is a list of what should be included in this section:
  - Listing of major suppliers and customers
  - Rate cards on your competitors
  - Products literature and brochures
  - More detailed market research

- Resumes / biographies of your management team
- Media coverage and marketing materials
- Intellectual property details (such as filed trademarks, copyrights or patents)
- Blueprints and useful photographs of facilities, warehouse, etc.
- Valuations of Company Assets

Now that we have explored the essential elements of the different sections that comprise an effective business plan, it can be concluded that the preparation of a “winner plan” is a key factor to business success. It equips you with the direction, and focus to drive management decision making and the consequent initiatives and activities while aligning resources, capabilities and structure to your overall strategic objectives. As such, to develop an effective business plan is to create your game plan to win.
EXPLOSIVE is the word to describe the growth of Dockside Seafoods from their inception in 1992 to present day. Originally an export company selling containers of shrimp to the United States, Dockside Seafoods established an Export Credit Insurance Facility with Eximbank Ltd. in 1994 to compliment their new export market, Jamaica. With the 1996 depression in world shrimp prices, the company began shipping fresh fish, going on to become key suppliers to the European markets between 1997 and 1998. When the eventual European Embargo was introduced, Dockside continued to supply the Barbadian and Jamaican markets.

Supplementary to their export sales, in 1998, Dockside Seafoods began to shift their focus to the progressive local market by supplying caterers for the local School Feeding Programme. Then in 2000, equipped with Eximbank's Pre-shipment Facility to assist with import financing, Dockside Seafoods began the supermarket trade.

In the following years, the company continued to grow steadily, establishing the 'Tropical Gold' Brand of Assorted Seafoods sold in local supermarkets. In fact, they are the exclusive local seafood supplier to Pricesmart Trinidad. Dockside also formed a new subsidiary company called "Captain's Choice" to produce value added seafood products like breaded fish fingers, shrimp nuggets, marinated fish fillets, etc. on a fully automated production level to be sold primarily to Caribbean Food Chain Companies.

In fact, within the past two years, Dockside Seafood has concentrated on consumer needs by offering cost-effective and convenient ready-to-cook products for working families. Today, the company is proud to be the only company in the Caribbean Region that undertakes this type of processing and production.

Further to their relocation to Arima in February this year to allow for a much larger, extensive compound, Dockside Seafoods will focus heavily on value-added production as of September 1, 2006. With the more advanced production facility and larger capacity, imports and exports will be much heavier in the coming months. The partnership between Dockside Seafoods and Eximbank will continue to deepen in their way forward towards achieving their vision and great potential.
Tips for Formulating Business Strategies

To speak of business strategy is to draw reference to the broad, overall priorities and directions adopted by an organisation that combines its structure, resources and capabilities so as to best accomplish its defined mission while taking realistic account of its opportunities and constraints.

As such, a business strategy demands answers to three tough questions:

- How can you...
- Grow your revenues
- Manage your costs
- Captivate your customers

Consequently, when developing your business strategies, you should ask yourself nine (9) key questions:

- What are you assuming about the business environment and what are the resulting implications for your organisation?
- What do you want to sell and not want to sell?
- Which customers do you want to serve and which customers do you not want to serve?
- Which parts of your country, continent or the world will you enter and not enter?
- Which products and markets offer the greatest potential for growth?
- Which products and markets will need the most investment?
- What 'competitive advantage' will you need to succeed?
- What capabilities are essential to back up competitive advantage and win the needed markets?
- Last, but not least, what financial and non-financial benefits are you going to target?

Your chosen combination of business strategies act as a guide to decision making. With this in mind, they should have the following characteristics:

- Be in-line with the business's broader vision, mission and objectives
- Be integrated and internally consistent
- Posses a clear set of long-term goals
- Have a defined scope of activity with regard to products, markets, geographies, technologies and processes
- Clearly state what competitive advantage to be achieved and sustained
- Have essential logic that ties together the goals, scope and competitive advantage in light of the internal context of the firm and its external environment.

As business strategies serve as the link between the business’s objectives and action plans, they should result in a series of integrated sub-strategies and action programs with goals, budgets and time-tables. Sub-strategies can be most effective when linked to specific functional areas within the business, for instance sales, marketing, and operations. You should limit the number of sub-strategic
(tactical) programs to what can be realistically achieved within a specific time frame and, if necessary, prioritize them. It is possible that just one strategy is needed for each of the organisation's main functional areas.

To conclude, building a winning strategy is undeniably the foundation of successful management. While your business strategy by its very nature is future oriented, it is important to look at what is actually happening in the present and base insights on careful observation of the latest trends rather than extrapolating the past or making wild guesses about the coming years.

EXIMBANK WELCOMES TWO NEW BOARD MEMBERS

On June 6, 2006, Mr. Greig Laughlin and Mr. Kenneth Parker were officially introduced as the new members of the Board of Directors.

Mr. Laughlin has been nominated as the Chairman of Marketing Committee and Member of the Credit Committee. He is the Deputy Managing Director of Laughlin & De Gannes, Vice President of the Trinidad & Tobago Manufacturers' Association and the Chairman of Advanced Tyre Systems Limited. Notably, he is also the Chairman of the Ports, Customs and Logistics at Trinidad and Tobago Chamber of Industry and Commerce and Member of Credit and Advisory Board of the Business Development Company.

Mr. Parker is a Member of both the Human Resources and Audit and Finance Committees. He is the Senior Partner at Almonds of Aspen, a consulting and management group specialised in the areas of development, finance and management. Notably, Mr. Parker has recently retired as the Representative of the Secretary General of the Organisation of America States (OAS) in St. Kitts and Nevis having built a remarkable thirty years experience in International Development, Finance and Technical Assistance.

We are pleased to welcome these two new Directors to the Eximbank family, bringing with them a wealth of knowledge and experience that will be an asset in propelling Eximbank into a new era of efficiency of operations and excellence in customer service.
1. Concisely summarizes the entire contents of business plan
2. Section that comprises mission and vision statements and company motto or tagline
3. The Management and Ownership section is most important to...
4. Unique points about your product or service
5. Stage of each product/service
6. Analysis of a company’s Strengths, Weaknesses, Opportunities, Threats
7. Marketing mix
8. Examines customer ranking, sales capabilities, selling methods and sales activities
9. Projections for income statement, cash flow and break even
10. Brings justification to your business plan

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**Answers:**

1. E__C__T__V__ U__A__Y
2. __M__A__Y __V__V__W
3. __V__T__S
4. U__Q__ __E__I__G PR__P__I__O
5. __F__Y__E
6. _________
7. F__R __'S
8. __L__S __S_AT__G
9. F__A__N__L O_C_T
10. P_R_I__ T

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