

QDB SOW | Business Plan

Document:	SOW BP - QDB VF 27022020	Version:	27-February-2020
Applies to:	All BP submissions to QDB	Status:	Approved for Dissemination

Attachments

- | | |
|---|--|
| 1. Financial Template – Agriculture.xlsx | 5. Financial Template – Health.xlsx |
| 2. Financial Template – Education.xlsx | 6. Financial Template – Livestock.xlsx |
| 3. Financial Template – F&B.xlsx | 7. Financial Template – Manufacturing.xlsx |
| 4. Financial Template – General Services.xlsx | 8. Guidelines for QDB BP SOW VF 27022020.pdf |

Disclaimer

- This document and its attachments constitute the minimum requirements for **Business Plans (BP)** submitted to QDB.
- QDB may request additional requirements on case by case basis. QDB Clients or their consultants are required to use their discretion, where necessary, to provide all other value additions relevant to a specific project or a specific industry and to provide any additional necessary information and analyses to make the reports practically useful for both, the Client and financiers.
- Refer to the Disclaimer embedded in the attached Financial Templates.

Minimum Deliverables for QDB Studies

- All submissions of Business Plans to QDB should include at least the following:
 1. A Business Plan Document (BP) inclusive of all the requirements in this document
 2. A complete Financial Model
 3. Quotations for Equipment
- The Financial Model does not replace the Financial Assessment section that should be embedded in the Business Plan Document. All necessary assumptions, parameters, financial tables, financial statements, and other sections need to be embedded within the BP as per this document requirements.

The above constitute only the minimum deliverables required in relation to the Business Plan itself. For advisory, lending, and other financial services applications, refer to the relevant product/service terms and conditions and requirements for complete list of documents and deliverables required.

Format of Deliverables

The deliverables should be submitted to QDB in all the below formats:

	Business Plan Document	Financial Model	Quotations
Template	Free	Free and embedding QDB Financial Template*	N/A
Format	MS PowerPoint (or MS Word) and PDF	MS Excel (open version with formulas)	As presented by the equipment suppliers
Pages	Ideally 100 including cover page and annexures	N/A	N/A

*The financial statements within the business plan should follow the structure of the Financial Templates attached to this document.

SOW Guidelines

For more specifics on QDB Scope of Work (SOW), for detailed guidelines on methodologies adopted to cover the SOW, and for more detailed QDB expectations, please refer to [Guidelines for QDB BP SOW VF 27022020.pdf](#).

BP Objectives	
<ul style="list-style-type: none"> - To determine if the proposed project/business is commercially and operationally viable and whether the Client should invest in the project - To provide an implementable plan that can be used by the Client as a guideline to execute the proposed project whether new or a business expansion – if feasible – and as a future reference to monitor progress and performance - To determine the size of the investment and the financial means to secure it 	
Sections	QDB Business Plan Minimum Requirements
COVER PAGE	<input type="checkbox"/> Project title <input type="checkbox"/> Version date
TABLE OF CONTENTS	<input type="checkbox"/> Main sections of the study with page numbers
TABLE OF ABBREVIATIONS	<input type="checkbox"/> Abbreviations and acronyms used in the report versus definitions
EXECUTIVE SUMMARY (ES) Ideally 2 pages	<input type="checkbox"/> Project concept with brief description along with products/ services <input type="checkbox"/> Project sponsor(s) name(s) <input type="checkbox"/> Key revenue streams (% of each stream from annual revenues) <input type="checkbox"/> Target market <input type="checkbox"/> Results of the market analysis Including market size, general competitive landscape, availability of gap or surplus, expected market share, ... <input type="checkbox"/> Total investment cost including breakdown <input type="checkbox"/> Competitive advantage of the product/service when compared to the existing players <input type="checkbox"/> Financial results – key indicators Including Profitability Margins, DSCR, Cash Deficits, IRR, NPV, FCF Payback... <input type="checkbox"/> Brief conclusion and recommendations Clear indication on whether the project is a “GO” or “NO GO” with conditional requirements for viability and recommendations.
PROJECT / COMPANY OVERVIEW AND BUSINESS MODEL	<input type="checkbox"/> Project concept in detail <input type="checkbox"/> Legal form of business (actual or recommended) <input type="checkbox"/> Sponsor(s) name(s) <input type="checkbox"/> Ownership structure (including names, nationality, and share %) <input type="checkbox"/> Qatari Shareholder(s) background and relevant competencies Covering capabilities and educational/vocational qualifications, and the experience as an entrepreneur including the proposed line of business. <input type="checkbox"/> Foreign shareholder(s) background and relevant competencies Covering capabilities and educational/vocational qualifications, and the experience as an entrepreneur including the proposed line of business. <input type="checkbox"/> Qatari shareholder(s) expected role in project execution and running daily operations of the business <input type="checkbox"/> Financial strength and personal net worth of the promoter(s) i.e. Client(s) To be essentially provided when requested by QDB lending departments. <input type="checkbox"/> Details of the products/ services with their applications <input type="checkbox"/> Revenue streams <input type="checkbox"/> Distribution channels in detail <input type="checkbox"/> Operating model in detail Applicable for manufacturing or service offering. The operating model addresses management, supply chain, management of resources (e.g. outsourcing staff, outsourcing services, renting equipment, ...) and all aspects related to how the business conducts its activities to deliver its products and services.

MARKET ASSESSMENT	Market Overview	<input type="checkbox"/> Industry overview and trends
		<input type="checkbox"/> Key growth drivers and deterrents for the industry selected
	<input type="checkbox"/> Industry characteristics encompassing seasonality, industry lifecycle...	
	<input type="checkbox"/> Analysis of macroeconomic factors applicable to the project and their impact on the sustainability/viability Including GDP growth, construction growth, foreign exchange regulation, interest rates, threat of imports, ... and the impact thereof.	
	<input type="checkbox"/> Target market segments in detail Target market refers to the direct buyers as well as the end-users. The target market should also address influencers when applicable.	
	Market Demand	<input type="checkbox"/> Total Addressable Market It mainly refers to the population of individuals or businesses that can potentially create demand to the offered products/ services.
		<input type="checkbox"/> Market demand assumptions and justifications
		<input type="checkbox"/> Current market size
		<input type="checkbox"/> Identification of demand drivers
		<input type="checkbox"/> Expected market growth rate over a horizon covering at least the financial projections period Growth rates should be based on realistic/grounded estimates and the expected movement of the demand drivers.
		<input type="checkbox"/> Forecasted annual market size covering the financial projections period Market Size should be presented in both, a "unit" term (e.g. SQM, tons, visits...) – that is relevant to the industry and project – and in QAR.
		<input type="checkbox"/> Assessment of export potential (in terms of export markets, offtake agreements, competitiveness...), where applicable Refer to the SOW guidelines document.
	Market Supply	<input type="checkbox"/> Supply identification and assessment in detail Local and imports if applicable.
		<input type="checkbox"/> Current quantified local supply size by volume and value
		<input type="checkbox"/> Forecasted annual supply size covering the financial projections period Forecasted supply is mainly inclusive of projects in the pipeline or other expected projects to become operational...
		<input type="checkbox"/> Past 5-year import and export quantitative details (value and volume) of the product, if applicable 8-digit HS Code levels to be used, with clear listing of codes and detailed category name classification. More detailed digits and HS Code levels to be used if they become published by the customs.
		<input type="checkbox"/> Historical imports sources by country of origin (% value and % volume), if applicable
		<input type="checkbox"/> Historical exports sources by targeted countries (% value and % volume), if applicable
<input type="checkbox"/> Competitors' comparative analysis Covering location, capacity, utilized capacity, offerings, quality, revenue stream, pricing, market share, classification as direct/indirect competitor, establishment year, etc. Competitors' do not refer only to local existing competitors, upcoming projects as well as available imported products in the market may require the same level of comparative analysis depending on the industry and the product being addressed.		
<input type="checkbox"/> Project/Company positioning Positioning refers to the positioning in relation to existing competitors in terms of quality, pricing, USP, offering...		
<input type="checkbox"/> Pricing Analysis		

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		<p>Covering a comparative price analysis between the project and local sources of supply as well as imported sources of supply.</p> <p>Comparative analysis should be conducted at the same level of the distribution chain (retail versus retail, wholesale versus wholesale, inclusive/not inclusive of distributor margin, etc...).</p> <p>Import prices obtained from trade databases cannot be used for imported products prices.</p>
		<p><input type="checkbox"/> Competitive advantages / disadvantages</p> <p>Competitive advantages / disadvantages should not be mixed with overall project strengths and weaknesses; they should rather address competitive strengths and weaknesses specifically.</p>
		<p><input type="checkbox"/> Make-or-Buy Analysis</p> <p>Refer to the SOW guidelines document.</p>
	Demand-Supply GAP	<p><input type="checkbox"/> Demand-Supply Gap (or surplus) analysis</p> <p><input type="checkbox"/> Forecasted Demand-Supply Gap (or surplus) covering at least the financial projections period</p> <p><input type="checkbox"/> Market share assumptions and justifications covering at least the financial projections period</p>
	SWOT Analysis	<p><input type="checkbox"/> SWOT chart</p>
	Market Penetration Plan	<p><input type="checkbox"/> Recommended market development and penetration tools with rationale</p> <p>Only relevant tools to the project and those relevant to the efficient market penetration and sales of the products/services should be addressed.</p>
TECHNICAL ASSESSMENT	Technical and Resources Analysis	<p><input type="checkbox"/> Production process and flowchart from RM store to final product dispatching – where applicable</p> <p>The production process should be in-line with the selected technology and should not have any contradictions with it.</p>
		<p><input type="checkbox"/> Technology proposed and recommended with justifications – where applicable</p>
		<p><input type="checkbox"/> Alternative technologies</p> <p>Covering different technologies and the proposition on used or brand new equipment/machinery.</p>
		<p><input type="checkbox"/> Comparative analysis of equipment and technologies</p> <p>The Client is required to provide quotations from multiple suppliers (at least 2 different quotations are required except for bespoke equipment whereby 1 quotation only is needed). None of the suppliers of equipment should be a related party to the Client(s). There should also be no link between the suppliers of each of the 2 alternatives proposed.</p> <p>The comparative analysis should cover cost, capacity, sources/manufacturer, quality, life, after sales service, specifications, technology provider classification (e.g. global leader, local, Chinese...), etc.</p> <p>When the supplier is different from the machines/technology provider, the justification for the selection of both should be provided.</p>
		<p><input type="checkbox"/> Technology changes and risk of technology getting obsolete – high level analysis where applicable</p> <p>This is applicable to manufacturing projects and non-manufacturing projects where certain technologies are required to execute and deliver the services.</p>
		<p><input type="checkbox"/> Equipment, machinery and tools (list, quantity and price)</p> <p>Expected shipping and customs duties are to be added to the list as a separate quantity.</p>
		<p><input type="checkbox"/> Plan for technical maintenance and upgrading (e.g. SLA's and degree of support available from technology collaborator) – where applicable</p> <p>Including the commissioning, warranty, and maintenance of the machines.</p>
		<p><input type="checkbox"/> Capacity and Capacity Utilization – Installed and Realizable Capacities</p> <p>For manufacturing projects, the capacity shall be in-line with the machines quotations.</p> <p>When the capacity is provided, the assumed working parameters (hours, shifts and working days per year) should be clearly specified.</p>

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		<input type="checkbox"/> Scalability analysis <input type="checkbox"/> Raw material, packaging material and other input products needs and sources (sources refer to possible suppliers and countries of origin) <p>For manufacturing projects, RM and packaging material needs refer to the specific RM and packaging material name, the HS Code (applicable to Raw Material only), the consumption of the RM and packaging material per unit of end product, the unit price of each material.</p> <p>When RM and packaging material are imported, the assessed shipping cost should be provided separately.</p> <p>For non-manufacturing projects, the needs are the same as above; however, they do not refer to "Raw Material" but rather to other main consumables, disposables, or other items required to deliver the service.</p>	
		<input type="checkbox"/> Analysis of availability and access to raw material and other input products	
	Manpower Assessment	<input type="checkbox"/> Organizational structure <input type="checkbox"/> Competencies and skills requirements of key staff <input type="checkbox"/> Analysis of the availability (local or overseas and scarcity or abundance) and access to critical and key skilled personnel (depending on the business model) <input type="checkbox"/> Salaries and allowances breakdown <p>To cover for at least basic salary, housing allowance, air fare, ... Medical Insurance, workmen compensation, health card, Resident Permit renewals to be covered.</p> <p>When labor accommodation is assumed, details of such accommodation (e.g. capacity, space requirement, rental rate, etc...) should be provided.</p>	
		<input type="checkbox"/> Annual additions to staff <p>Preferably provided in Table format.</p>	
	Location Assessment	<input type="checkbox"/> Required space allocation and breakdown in SQM (land area and built-up area) <p>Covering office, operational, storage, production space...</p>	
		<input type="checkbox"/> Location Requirement Analysis <ul style="list-style-type: none"> ▪ Specific location ▪ Rates (whether rent or purchase) ▪ Special lease/sales conditions ▪ Location attributes and conditions 	
	Licensing Requirements	<input type="checkbox"/> Licensing, permits and other regulatory requirements for setup/expansion <p>They should be presented in the actual chronological order and not separately as business licenses, commercial licenses, etc...</p> <p>This section should include a step by step guideline from the development of the legal entity up to the issuing of the actual commercial license and municipal approvals required for start of operations.</p>	
		<input type="checkbox"/> Issuing authorities <input type="checkbox"/> Expected timeframe <input type="checkbox"/> Challenges <input type="checkbox"/> Environment issues, if applicable <input type="checkbox"/> Incentives provided by regulators, if applicable <p>Including lease, water, electricity, etc.</p>	
	FINANCIAL ASSESSMENT	Investment Cost	<input type="checkbox"/> CapEx details <p>Civil works, equipment, IT equipment, furniture, vehicles, etc.</p>
			<input type="checkbox"/> Pre-operating expenses assumptions and details <p>Including hiring costs, rent, salaries, cost of trial runs, etc.</p> <p>Creation of legal entity fees and feasibility study fees should be considered sunk costs and excluded from pre-operating expenses.</p>
		<input type="checkbox"/> Working Capital assumptions, details, and justifications <p>Including inventory, debtors, A/C payables, salaries, rent, direct costs, other...</p>	
		<input type="checkbox"/> Contingencies <input type="checkbox"/> Table showing breakdown of project cost components (% and value)	
Financing		<input type="checkbox"/> Financing mix	

	<p>Justification for the financing mix should be provided.</p> <p><input type="checkbox"/> Details regarding sources of shareholders' capital</p> <p><input type="checkbox"/> Financing needs and sources over the study period Including external sources and shareholders' obligations.</p> <p><input type="checkbox"/> Sources of financing for potential cost overruns</p> <p><input type="checkbox"/> Sources of financing for pre-breakeven operating cash losses</p> <p><input type="checkbox"/> Key financial parameters of the Group – if applicable</p>
Assumptions and Justifications	<p><input type="checkbox"/> Income Statement Assumptions and Justifications Including sales quantities, unit prices, annual growth, cost components (including Material and RM cost and volume, power and utilities, stores, spares, maintenance, transport...) and growth, rent, general expenses, interest, fixed assets additions and depreciation, taxes, break up of cash sales versus credit sales, other...</p> <p><input type="checkbox"/> Balance Sheet Assumptions and Justifications Including A/R, A/P, inventory, legal reserve, long and short-term loans terms, other...</p> <p><input type="checkbox"/> Discounted Free-Cash Flow Assumptions and Justifications Including Terminal Value, Cost of Equity, WACC...</p>
Audited Financial Statements	<p><input type="checkbox"/> For existing businesses, past 3 years audited financial statements</p> <p><input type="checkbox"/> Analysis of the historical financial and operational performances</p>
Financial Statements	<p><input type="checkbox"/> Breakdown of key direct costs</p> <p><input type="checkbox"/> Breakdown of key general expenses</p> <p><input type="checkbox"/> Income statement</p> <p><input type="checkbox"/> Balance sheet</p> <p><input type="checkbox"/> Cash-flow statement</p> <p><input type="checkbox"/> Free cash-flows statement</p> <p><input type="checkbox"/> Debt repayment schedule</p> <p><input type="checkbox"/> Detailed analysis of the financial results</p>
<div style="border: 1px solid black; padding: 5px; width: fit-content; margin-bottom: 5px;"> <p style="text-align: center;">Projections Period</p> <p style="text-align: center;">Min. 2 years exceeding loan tenure</p> </div>	
Ratio Analysis	<p><input type="checkbox"/> Profitability analysis For projects with multiple key revenue streams, a cost-to-benefit analysis should be conducted</p> <p><input type="checkbox"/> Debt analysis (including DSCR, ICR, ...)</p> <p><input type="checkbox"/> Liquidity analysis (including Cash Conversion Cycle, Quick Ratio, Current Ratio...)</p> <p><input type="checkbox"/> Cash-flow analysis and gaps</p> <p><input type="checkbox"/> Other ratios analysis (Asset Turnover Ratio, ROI, ROE, Total Liabilities to Net Worth, Interest Bearing Debt to Net Worth...) Manufacturing projects should provide further analysis in relation to financial performance versus efficiency, down-time, ...</p>
Breakeven Analysis	<p><input type="checkbox"/> Annual breakeven levels (by QAR and Sales Units)</p> <p><input type="checkbox"/> Annual breakeven market share</p> <p><input type="checkbox"/> Annual Debt Breakeven (by QAR, Sales Units, and % capacity utilization) It is similar in concept to regular breakeven; however, with Fixed Cost excluding depreciation, but including debt repayment.</p> <p><input type="checkbox"/> Analysis and recommendations</p>
Sensitivity or Scenario Analysis	<p><input type="checkbox"/> Suitable scenarios to be provided based on changes in indicative parameters</p> <p>Sensitivity Analysis and Scenario Analysis are two different concepts. Some projects will require sensitivity analysis while others will require scenario analysis depending on the project, the industry, and the projected performance.</p> <p>Sensitivity Analysis involves amending certain factors that are volatile based on historical trends, expected trends, or based on most probable volatilities. Sensitivity analysis usually involves changing one factor at a time and eventually determining the factor to which the business is mostly sensitive to.</p> <p>Scenario Analysis involves at first creating a scenario/situation or predicting it (e.g. recession, blockade, political situation, upsurge in input prices, or some other macro-economic factors). The development of a scenario then involves checking which factors (one or multiple parameters) will be impacted and adjusting them accordingly. Eventually, the financial model</p>
<p>As of January 2018, in addition to the standard scenario and sensitivity analyses, a supplementary scenario showing the impact on the project if the blockade is lifted should be provided. Also, the</p>	

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	<p>Executive Summary should specifically state under which market conditions the study is feasible or infeasible. The underlying assumptions used in developing the "Lifted Blockade" scenario should be presented in the study.</p>	<p>is re-run upon parameters modification. Usually, in a scenario analysis more than one factor may need to be amended.</p> <p>The Client is required to conduct a sensitivity or scenario analysis based on what they deem critical and volatile parameters.</p> <p><input type="checkbox"/> Financial implications on gross profit ratio, net profit ratio, NPV, IRR, ROI, payback period, DSCR, end of year cash, and whatever is applicable</p> <p><input type="checkbox"/> Analysis and recommendations</p> <p>In the event of cash shortfalls, the study should highlight – in the Sensitivity Analysis, Conclusion and Executive Summary sections – the needs for additional cash in the worst case scenario of the sensitivity.</p> <p>The source of raising such additional cash should be discussed or recommended.</p>
<p>FRANCHISE MODEL <i>If applicable</i></p>		<p><input type="checkbox"/> Terms of the franchise agreement</p> <p>Detailed terms of the agreement should be provided including and not restricted to: future obligations, number of branches to open, restrictions, conditions... A copy of the agreement (signed or proposed) may be requested.</p> <p><input type="checkbox"/> Applicable franchising fees</p> <p>Including upfront fees and royalty.</p> <p><input type="checkbox"/> Level of support from franchisor</p> <p>Including (1) setup – equipment, infrastructure, staff, capacity planning – (2) training, (3) marketing and sales support, and (4) quality control.</p>
<p>RISK ANALYSIS</p> <p>Ideally provided in a Table format</p>		<p><input type="checkbox"/> Identification of risks</p> <p>Covering management, market, financial, operational, compliance, setup/commissioning, and start-up risk...</p> <p><input type="checkbox"/> Risk probability (High, Medium, Low)</p> <p><input type="checkbox"/> Risk intensity (High, Medium, Low)</p> <p><input type="checkbox"/> Impact</p> <p><input type="checkbox"/> Practical mitigation actions</p>
<p>CRITICAL SUCCESS FACTORS (CSF)</p> <p>Ideally provided in a Table format</p>		<p><input type="checkbox"/> Critical Success Factors</p> <p>Avoid the selection of generic CSF's that are applicable to all projects and all industries. Focus should be made on very few and selected CSF's that are vital for the success of this specific project in its specific industry.</p> <p><input type="checkbox"/> Basis for selection of each CSF</p> <p><input type="checkbox"/> Impact if CSF is not met</p>
<p>IMPLEMENTATION ACTION PLAN</p> <p>Ideally one page including a timeline displaying dependencies</p>		<p><input type="checkbox"/> Components to be covered where applicable:</p> <ul style="list-style-type: none"> ▪ Licensing and permits ▪ Building and construction ▪ Key marketing activities ▪ Negotiations with banks ▪ Negotiations with suppliers ▪ Negotiations with buyers ▪ Commissioning ▪ Financial injections (debt, equity, other) ▪ Changes in working hours (e.g. shifts ramp up) ▪ Additions to staff ▪ Additions to key assets ▪ Other (as deemed necessary) <p>The plan must show both, the pre-operational and operational periods. The plan should have defined built-in contingencies and should show key linkages and dependencies of different implementation steps.</p>
<p>CONCLUSION</p>		<p><input type="checkbox"/> Clear conclusion on whether the project is a GO and NO GO</p> <p><input type="checkbox"/> Conditional Requirements for viability</p>
<p>Refer to <i>Guidelines for QDB BP SOW VF 27022020.pdf</i>. The guidelines document is an integral part of this SOW, and should be fulfilled as part of satisfying the above requirements.</p>		

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