

# How to write a business plan for Small Businesses.



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What a bank looks for?

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**The 5C's of Credit**

**1. Character**

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**2. Capital**

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**3. Capacity**

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**4. Conditions**

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**5. Collateral (security)**

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## Keeping a clean record

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- ▶ Not **overdue** in other loan/financing repayments
- ▶ No **creditor/legal** issues
- ▶ No bounced **cheques**
- ▶ Up-to-date **audited accounts**

# What is a Business Plan?

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## **A written plan outlining:**

**1.** Your vision/objectives

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**2.** How the business is to be managed to achieve these objectives

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What should your business plan include?

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**1. An introduction to your plan**

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**2. Who you are and what your business does**

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**3. Industry, competitors and business strategy**

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**4. Financials – past, present and future**

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**5. Other supporting documents**

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# What should your business plan include?

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## **1. An introduction to your plan**

### **▶ Financing Request**

- ▶ Type
- ▶ Amount
- ▶ Purpose
- ▶ Repayment

### **▶ Reasons for future success**

### **▶ Contact details**

# What should your business plan include?

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## 2. Who you are and what your business does

### ▶ **Background & history**

### ▶ **Business & product**

- ▶ A description of your product(s), pictures/samples

### ▶ **Directors and management profile**

- ▶ Organisation chart, track record

### ▶ **Business Cycle**

- ▶ Your buyers and sellers
- ▶ The terms of your business dealings

### ▶ **Production process**

- ▶ The process involved in producing your product(s), production, capacity, volume, etc.



# What should your business plan include?

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## 3. Industry, competitors and business strategy

### ▶ Industry Overview

Describe the industry you operate in and how your business fits in this industry

### ▶ Who your competitors are

### ▶ The factors that will ensure your success

<b>Strengths</b>	<b>Opportunities</b>
<b>Weaknesses</b>	<b>Threats</b>

### ▶ What is your business strategy

Briefly describe your unique value proposition. For example, lower cost hence better value for money, your focus on niche markets allows your expertise to flourish, etc.

### ▶ Sales and marketing strategies

# What should your business plan include?

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## **4. Financials – past, present and future**

- ▶ **3 Years' historical audited accounts**
- ▶ **Latest management accounts**
- ▶ **Future projections – at least 1 year**
- ▶ **Bank statements and loan statement**
  - ▶ Repayment record
  - ▶ Cashflow management

# Checklist for application of new banking facilities

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## Corporations

- Memorandum and articles of association
- Certificate of incorporation
- Certificate of compliance
- Company resolution to open bank account
- Specimen signature card
- Identity documents of directors
- Identity documents of shareholders with 25% or more capital (if applicable)
- VAT certificate
- Authorised depositors list
- Fax indemnity (optional)
- Reference (if required)

## Partnership and sole trader

- Business license
- Partnership agreement
- Identity documents of owner/partner
- VAT certificate
- Health and safety approval
- Commercial property license
- Trading license

## Business profile

- Brief history
- Organisation chart
- Management structure and resumes of management team
- Details of directors and resumes (if different)
- Shareholding structure

## Company operations

- Major suppliers list, payment terms and annual volume of imports
- Major buyers list (together with ageing), payment terms, countries of exports and annual volume of exports
- Industry and competitor information
- Sales force and distribution network
- Number of employees

## Financial and management documents

- 3 years audited accounts
- Latest management accounts
- 6 months current account statement with other bank
- Cash flow projections (1 year)

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