

# A business plan

Business



FINANSOL BUSINESS PLAN By Business The of the School The and where it is located The FINANSOL BUSINESS PLAN

### Introduction

Finansol will be created in Bolivia as a result of the support of ACCION. This business will be formed through the transformation of the business from a non-profit firm into a profit-based business. This move will ensure that Finansol earns sufficient funds from the public domain. Its conversion into a fully-fledged banking institution will automatically solve the capital problem. This guarantees that funds are available for lending to other institutions. Finansol will strive to achieve the bank industry's capital-to-loan ratio of 1:10. The bank is also meant to compete favorably with the other banks in the business.

### Industry Overview

The Banking industry faces challenges concerning the financial systems in place. This is because the systems do not favor the small-scale entrepreneurs' needs. This is manifest in the hard conditions set for the small-scale loan seekers.

### Objectives

Finansol is aimed at providing the best financial services in the banking industry to build on its reputation.

The firm also will focus on micro lending in order to boost the micro entrepreneurs. This will improve the economic activities in the overall economy.

The bank will also focus on generation of loans, and the renewing of loan agreements with its clients. This is aimed at obtaining new capital for lending purposes.

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The other objective is to attain a favourable leverage ratio in order to avert any risks in the financial world.

#### Customers

The bank will have many clients ranging from large-scale business people to micro-entrepreneurs. This will help in the

#### Competitors

Finansol has many competitors like Group Corposol, Solurbano and Mercosol. The Finansol banking institution will indulge in a constructive competition.

#### Revenues and Resources

Finansol requires capital of US\$25M to start operations (Austin, 2008, 34). The changes of regulations that govern the financial institutions will also enable the bank to obtain these funds through lease financing. The company has also access to funds through certificate of deposits and the issuing of bonds. Additionally, Finansol can seek funding through the exchange of loan portfolios for favourable percentage of stock.

#### Financial Plan

##### Year

1

2

3

4

5

##### Notes

##### Sales

429379

472316. 9

519548. 59

571503. 45

628653. 79

10% market growth

COGS

77288. 22

85017. 04

93518. 75

102870. 62

113157. 68

18% of sales

Gross profit

352090. 78

387299. 86

426029. 84

468632. 83

515496. 11

sales-COGS

Operating Expenses

Rent

40500

42525

44651. 25

46883. 81

49228

5% increase

Labor

60000

63000

66150

69457. 5

72930. 38

5% increase

Utilities

350000

30000

30000

30000

30000

See above

Advertising

21468. 95

23615. 85

25977. 43

28575. 17

31432. 69

5% of sales

Administrative

25000

26250

27562. 5

28940. 63

30387. 66

5% increase

Misc.

5000

5250

5512, 5

5788. 13

6077. 53

5% increase

Total Fix

501968. 95

190640. 85

199853. 68

209645. 24

220056. 26

PBT

-149878. 17

196659. 01

226176. 16

258987. 59

295439. 85

Taxes

58997. 7

67852. 85

77696, 28

88631. 96

30% taxes

PAT

-149878. 17

137661. 31

158323. 31

181291. 31

206807. 9

### Competitive Advantage

The bank will have favourable and competitive inventory turnover and liquidity ratio. The bank will also endeavour to have a close relationship between capital base and the loan funds.

### Conclusion

The start of the banking business will prove realistic because of the favorable business environment in the banking industry. The banks will offer favorable sources of lending facilities to the clients in a bid to boost business activities. The financial forecast of Finansol is realistic because the figure provided indicates the true position of the organization in the next five years.

### Reference

Austin, J. E. (2008). Corposol. Boston, MA, Harvard Business School.