



# THA VENTURE CAPITAL EQUITY FUND LTD.

## GUIDELINES FOR THE PREPARATION OF A BUSINESS PROPOSAL FOR EQUITY INVESTMENT CONSIDERATION

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A comprehensive, well-prepared business proposal serves two main objectives. First, it demonstrates that the entrepreneur has conducted a thorough analysis of his/her industry, and his/her plans for facilitating the achievement of the goals established for the company over the medium-term. Second, it reduces the time spent by the funding agency in evaluating the entrepreneur's request, by eliminating some of the prospective questions that would have been raised.

In many cases the business proposal plays a key role in the decision by the venture capitalist to invest further time and energy in analysing the entrepreneur's situation for the purpose of determining whether he or she is a suitable candidate for venture capital funding.

We at Venture Capital Equity Fund Ltd. are excited that you are considering partnering with us for this project. Accordingly, Business Proposals should contain the following information:

#### **A. Details of Funds Requested**

1. Funds Requested: Specify the amount of equity investment being sought from THA -Venture Capital Equity Fund Co. Ltd.
2. Use of the investment – specify how you intend to use the funds. Present this in a tabular form. Provide pro forma invoices for large ticket item purchases and estimates for construction activities.
3. Owner Contribution – indicate how much the owner will contribute toward the venture and the type of contribution i.e. property, equipment, other fixed assets, cash. Provide an official valuation of the property and verification of ownership.
4. Indicate the overall capital structure being used to finance this project / new strategic initiative e.g. a mix of debt financing, equity, angel investor(s), bootstrapping.
5. Indicate the Principal Shareholders

#### **B. Overview of the Company**

1. Company name, telephone number, email, website, social media accounts, key person name and contact information.
2. Mission and Vision statement – what are your objectives?
3. Nature of the business: explain the products/services offered, the business model, revenue streams, USP – Unique Selling Proposition(s) (what differentiates your company, product, service, process, team).
4. Business History or background of the company –

- a. What priority sector does the company's operations align with? (light manufacturing, agriculture/agro-processing, niche tourism, green technology/renewable energy, information & communication technology, creative arts & entertainment),
  - b. Type of business registration, date of incorporation, date of first introduction of the product/service, important milestones (with dates).
5. Value proposition for Tobago: Explain the impact this business will have on Tobago's economic landscape.
6. Future Plans: A formal statement of the business goals, reasons they are attainable and plans for achieving them. Sequence the plan for the company over a five-year period, include critical milestones.

### **C. Product and Market Considerations**

1. Product or service: Clearly explain the products/services you are offering or plan to produce. If several products are intended, list and describe them all precisely.
2. Customers: Detail, who is your customer, why do they seek out your product, what is the driving factor in selecting your product/service over another (i.e. price, quality)
3. Detail the terms of payment for goods/services sold i.e. credit payment arrangements etc.
4. Industry Overview: Describe the general marketplace for your product or service: the total dollar volume, the rate of growth, the overall demand for the product or service as well as the projection for the future size of the industry.
5. Competition and Competitive Advantage:
  - a) Name 3-5 main competitors.
  - b) Describe all the competing products and the various companies that produce them, including, their sales volumes, market share, and impact on the market.
  - c) Identify how your product/service is different from the competition and how you intend to achieve / maintain a competitive edge.
  - d) If you have no competition, please list the reasons for this situation.
  - e) If you have reason to believe that competitors may enter the industry in the future, indicate each potential competitor and possible time of entry in the market.
6. Pricing: Provide information regarding the price of the product or service, including the method by which the price was determined and the amount of gross profit. Be prepared to

explain, in straightforward terms, the rationale behind the pricing e.g. due to competitive forces or because the market is such that you can set your own price?

7. Capital efficiency and value creation: How much is spent on production of one unit? How will you create value?
8. Marketing & Promotion analysis:
  - a. How will you win over the market? How will you increase your market share?
  - b. What is the unique selling proposition? Does the company have a competitive advantage?
  - c. Detail the marketing plan and all associated costs with timelines.
  - d. Detail any special arrangements that govern the marketing of your product.
9. Distribution: Provide information on how do you plan to move your products or deploy your services. Explain the means by which the product/service is delivered to the ultimate user.

#### **D. Organization, Management and Process/Systems**

1. Organizational Structure:
  - a. Provide an organizational chart
  - b. Number of employees pre and post investment
2. Key Personnel:
  - a. Who will hold the top managerial position?
  - b. Who are the key personnel responsible for the operational and strategic direction of the company? Provide a resumé style summary of the background and work experience of the key three or four employees. What is the experience of key personnel and management and how does it relate to the business at hand?
3. Remuneration: What are the salaries or intended salaries of all employees including managers?
4. Professional Service Providers: Accountants, Consultants, Attorneys, Bankers – List names, addresses, telephone numbers.
5. Production:
  - a. Describe all stages of the production process and factors affecting production. This section should also include a description of the production process (e.g. difficult or

sophisticated, many components or a few, value-added component, components critical to the production process),.

- b. The method by which costs of goods sold is calculated.
6. Employees – describe the number and categories of employees (functional area, direct or non-direct labour).
7. Suppliers: List the top three or four companies that supply your company with items essential for operations. Include the type of product, dollar value and volume supplied.
8. Equipment, Property and Plant/Facilities: Describe what you currently own or intend to purchase.
9. Patents and Trademarks.

#### **E. Financial Considerations**

1. Historical Financial Statements: Provide copies of audited balance sheet, income statement, equity statement and cash flow statement for the past five (5) years or the length of time that you have been in operation if this is less than three years. In the instance audited financials are not available, management accounts/accountant's review can be submitted.
2. Financial Projections: Provide annual financial projections inclusive of Balance sheet, Statement of Comprehensive income, Statement of Equity, and Cash flow statement for five (5) years. The Cash Flow Statement will present detailed monthly cash flows for the first twelve months and annual projections for the next four (4) years thereafter. In addition, clearly list the assumptions used to arrive at all projections e.g. number of customers, percentage increase in year-to-year growth, assumptions regarding industry trends etc.
3. Risk Analysis:
  - a. List the major factors that could cause your business to fail. Describe the major drawbacks or shortcomings to investing in your company.
  - b. List strategies and identify key actions to manage these above named risk factors.

#### **F. Legal and Regulatory Considerations**

1. Litigation: Provide details of any litigation that your company is currently involved in, whether as complainant or defendant, as well as any potential litigation.

2. Government Regulations – List any regulations, reporting requirements or clearances needed by your company for the industry in which it operates.
3. Environmental Factors – list all aspects of your company’s operations that impact the environment either positively or negatively.
4. Conflicts of Interest: Disclose any conflicts of interest e.g. ownership of related businesses, Directors and Officers, Principal Shareholders.
5. Insurance: List any policies the company has in effect or that will be required for operating.
6. Indicate Tax Compliance Status for BIR, NIS, VAT, Company tax and any others which are relevant to your business.

#### **G. Company Statutory Documents**

1. certificate of incorporation
2. articles of incorporation
3. notice of address of a registered office
4. notice of directors
5. notice of secretary
6. NIBTT certificate of registration
7. advice of assignment of BIR number
8. By-Laws
9. annual returns
10. declaration of compliance

*This is intended to be a guideline document with the information requested to be provided as is applicable to your particular business i.e. established vs start-up.*