



BUSINESS INVESTMENT DECISION TOOLS (BID TOOLS)

USER GUIDE

<http://bidtool.cipotato.org>

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INTRODUCTION

Business Investment Decision (BID) Tools are designed to provide a comprehensive, modular digital platform for business enterprises in order to empower them with structured decision-making frameworks for financial planning, investment analysis, and business growth. These tools were developed through the Seed Equal Initiatives Project of the CGIAR.

The tool enables business enterprise operators to be able to develop an operational business plan inclusive of your business details, business environments (SWOT & PESTEL Analysis), Business Models (Value Proposition Canvas, Value Maps & Business Model Canvas), Operations (Product workflows), financial management (variable costs & fixed costs), sales projections, Partnership Development and Business Risk Management.

Business details fed into the system is used to generate the full business plan and financial reports as seen in the user guide.

The BID tools comes in two versions;

1. Web version; accessible through <http://bidtool.cipotato.org> or https://mt.co.ug/bid_tools_bplan
2. Excel Version which is downloadable through the same web links above

The BID Tool is divided into ten important modules;

1. Business Background
2. Business Environment
3. Business Model
4. Operations (Workflows and Stages)
5. Financial Management
 - a. Costing
 - b. Financial Statements
 - c. Ratio analysis
6. Budgeting
7. Valuation
8. Diagnostic Report
9. Partnership
10. Risk Management

MODULE 1: Business background

Business background module covers Business Background, Sectors, Products and Services offered, Customer Segments, and Organisational Structures.

1.1. BUSINESS BACKGROUND

Mission Statement	Our mission is to [primary activity or offering] by [core approach or method] to [specific goal or benefit] for [target audience or stakeholders] while [values or guiding principles]."
Vision Statement	To [aspirational goal or purpose] by [core strategy or action] in order to [desired impact or outcome] for [target audience or stakeholders] and [broader aspiration or impact].
Company Objectives	Our objective is to [achieve specific goal] by [quantifiable target or measure] within [specific timeframe], in order to [desired outcome or impact].
Company Values	Our core values are [value #1], [value #2], and [value #3], which guide our [actions/decisions/behaviours] and reflect our commitment to [desired outcome or impact].
Financial year (Start Month)	Start month for the next financial year
Financial year (Start Year)	When does the financial year begin for this business plan

1.2. SECTORS

Sectors	List all the sectors to which the enterprise belongs
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1.3. PRODUCTS AND SERVICES

Products/ Services	List all the Products/ Services currently offered by the Enterprise
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1.4. CUSTOMER SEGMENTS

Customer Segments	Description of the ideal customer group who are served by the enterprise
Business Type	Description of type of business (B2B, B2C, etc.)

1.5. ORGANISATIONAL STRUCTURE

Staff Positions	Major positions for staff working in the company
Staff roles and reporting structure	List of key staff, their roles and who they report to

MODULE 2: Business environment

The Business Environment module covers SWOT Analysis and PESTEL Analysis.

2.1. SWOT ANALYSIS

SWOT analysis is a framework to help you in identifying and analysing your business's strengths, weaknesses, opportunities and threats.

S- Strengths	Internal factors that gives the business a competitive advantage i.e. factors within your control
W- Weaknesses	Internal factors that places the business at a disadvantage i.e. which are within your control
O- Opportunities	External factors that the business could capitalize on i.e. which are not under your control
T- Threats	External factors that the business could capitalize on i.e. which are not under your control

2.2. PESTEL ANALYSIS

PESTEL analysis is a tool that will enable you to analyse and monitor the macro-environmental (external marketing environment) factors that have an impact on your business. It examines the Political, Economic, Social, Technological, Environmental, and Legal factors in the external environment.

P- Political	What political factors affect the business? Consider government policies, regulations, trade tariffs, and political stability
E- Economic	What economic factors impact the business? Consider economic growth, exchange rates, inflation, and employment rates
S- Social	What social factors influence the business? Consider demographics, cultural trends, lifestyle changes, and consumer behaviours
T- Technological	What technological factors affect the business? Consider technological advancements, innovation, automation, and R&D activity
E- Environmental	What environmental factors impact the business? Consider climate change, environmental regulations, sustainability, and resource availability
L- Legal	What legal factors influence the business? E.g. laws regarding employment, consumer protection, health and safety, and regulations

MODULE 3: Business model

The Business Model module covers Value Proposition Canvas (VPC) and Business Model Canvas (BMC).

3.1. VALUE PROPOSITION CANVAS (VPC)

The Value Proposition Canvas (VPC) is a framework which can help ensure that a product or service is positioned around what the customer values and needs.

Value Propositions

Customer Jobs	What tasks, problems, or needs do customers aim to accomplish or solve?
Customer Pains	What tasks, problems, or needs do customers aim to accomplish or solve. Primary needs, and problems of the customers.
Customer Segment	Description of the ideal customer group
Customer Gains	What positive outcomes, benefits, or desires do customers seek when performing their jobs? Practical, Emotional or psychological benefits provided to customers

Value Maps

Products and Services	What are the main products or services offered that help customers perform their jobs?
Pain Relievers	How does your product/service address or eliminate specific customer pains?
Customer Segments	Description of the ideal customer group
Gain Creators	How does your product/service create or enhance customer gains?

3.2. BUSINESS MODEL CANVAS (BMC)

Channels	How do you reach your customer segments? Through which touchpoints or distribution channels?
Customer Relationships	What type of relationship do you establish with each customer segment? (e.g., personal, automated)
Customer Segments	Description of the ideal customer group
Revenue Streams	How does the business earn revenue? What are the pricing models and sources of revenue?
Sources of Business Revenue	How does the business earn revenue? What are the sources of revenue?
Pricing models	What are the pricing models for the revenue source?
Key Resources	What assets are required to deliver your value proposition, reach your customers, and maintain operations?
Key Activities	What are the most important actions needed to deliver your value proposition?
Key Partnerships	Who are your essential partners and suppliers? What resources and activities do they provide?
Resources or Activities	What resources / activities do the partners or suppliers provide?
Cost Structure	What are the major costs involved in delivering your business model? What are the most significant expenses?

MODULE 4: Operations (workflow)

The Operations module covers workflow stages, workflow diagrams, and products & stages applicable.

4.1. WORKFLOW STAGES

Define all major stages involved in business operation. Provide the linkages between stages i.e. Start stage, next stage, etc.

4.2. WORKFLOW DIAGRAMS

Flowchart representing major stages involved in business operation

4.3. PRODUCTS AND STAGES APPLICABLE

Provide the linkages between a product/ service and all the stages involved in the product processes

MODULE 5: Financial management

The Financial module covers costing of business operations, financial statements and ratios analysis.

5.1. COSTING

Consumables	Provide all consumables or inputs used to generate the end product or service. Consumables are variable costs incurred by the business
Labour Costs	Provide all labour costs incurred in payment of non-salaried workers. To calculate wage rate per day for monthly salaries, divide monthly salary by 21. Labour costs are variable costs incurred by the business
Assets/ Equipment	Provide all assets used to generate end products or services. If an asset is used in multiple stages - enter adjust factor. Adjust factor determines share of asset usage for the particular stage. Salvage Value is asset value after its useful life.
Overhead Costs	Overheads are costs incurred in paying regular staff, utility bills, etc. Mention either unit rate (or) monthly rate for each overhead expense. If an overhead is incurred in multiple stages - enter adjust factor. Adjust factor determines share of overheads for the particular stage
Sales Projection	Sales projections data should be provided for the first year only i.e. Year 1. Provide expected sales per month within the first 12 months. Selling prices are auto-generated by the tool based on sales records and marked as (Auto-generated). If your selling price vary from the system generated selling price, please provide it under the field marked (Selling Price Manual)

5.2. FINANCIAL STATEMENTS

Projected profit and loss	A financial projection estimating a business entity's future sales, expenses, and profits. It helps business owners to anticipate their financial performance, assess expenses, and determine their net profit or loss. The projected P&L covers sales and expenses for the first 5 years of the business operations.
Revolving funds	The revolving funds includes the excess of expenses over the incomes for the business and capital investment. It is the fund that remains available to finance the business' continuing operations without any fiscal year limitation. This is because the business replenishes the fund by repaying money used from the account.
Projected balance sheet	The projected balance sheet includes total revenues, expenses and earnings after tax for the first five years of business operation. It estimates a company's future financial position; it forecasts assets, liabilities, and equity based on expected financial activities.
Projected cash flow statement	The projected cash flow statements includes business operations, investing and financing costs over the next five years. Cash flow projection is a financial forecast that estimates the future inflows and outflows of cash for the five year period, typically using a cash flow projection template. It helps businesses anticipate liquidity needs, plan investments, and ensure financial stability.

5.3. RATIO ANALYSIS

Ratio analysis is a method of examining a company's balance sheet and income statement to learn about its liquidity, operational efficiency, and profitability.

Financial Statement (FS) Ratios	The FS Ratios consists of Profitability Ratios, Liquidity Measures, and Efficiency Measures. It is a technique that compares the relationship between two or more financial data items from a company's financial statements. It's used to make fair comparisons between different products over time.
Capital Ratios	The capital ratios consists of Solvency Ratios and Coverage Ratios for a five year period of business operation. It is the percentage of capital to its risk-weighted assets.

MODULE 6: Budgeting

The Budgeting module covers Variable Cost Variance, Labour Cost Variance, Asset/Equipment Variance, and Overhead Cost Variance.

The cost variance is the difference between the actual cost involved in generating products and the cost estimated during budgeting.

Variable Cost Variance	The difference between the estimated total variable costs and actual costs
Labour Cost Variance	The difference between the estimated total cost of labour and actual cost of labour
Asset/Equipment Variance	The difference between estimated total depreciation of assets and actual cost of asset depreciation.
Overhead Cost Variance	The difference between the estimated total cost of overhead items and actual cost of overheads

MODULE 7: Valuation

The Valuation module covers valuations and Financial Feasibility of the business.

7.1. VALUATION

Discounted Cash Flow (DCF)	DCF helps in estimating the value of an investment using its expected future cash flows. It is also used to determine the value of an investment today, based on projections of how much revenue the investment will generate in the future. The DCF methods generated in the BID tools includes; Step 1- Free Cash Flow to the Firm (FCFF) and Step 2- DCF Calculations
Asset Based Valuation	Asset-based valuation is a form of valuation in business that focuses on the value of a company's assets or the fair market value of its total assets after deducting liabilities. Assets are evaluated, and the fair market value is obtained. The final report generated provides values such as Net Asset Values, NAV method value per share and Book value method value per share.

Earnings Multiplier	The earnings multiplier is a financial metric that structures a company's current stock price in terms of the company's earnings per share (EPS) of stock, that's simply computed as price per share/earnings per share. Also known as the price-to-earnings (P/E) ratio, the earnings multiplier is used as a simplified valuation tool with which to compare the relative costliness of the stocks of similar companies. It helps entrepreneurs to judge current stock prices against their historical prices on an earnings-relative basis.
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7.2. FINANCIAL FEASIBILITY

NPV (Net Present Value)	NPV is the difference between the present value of cash inflows and the present value of cash outflows over a period of time. NPV helps the business owners and entrepreneurs to analyse a project's projected profitability.
IRR (Internal Rate Of Return)	IRR is the discount rate required to make NPV equal zero. This helps business owners to compare projects of different time spans on the basis of their projected return rates. A higher value is generally considered better.
Return On Investment (ROI)	ROI is a performance measure used to evaluate the profitability of investing in a product. ROI directly measure the amount of return on a particular products, relative to the initial cost invested in its production.
Payback Period	The payback period determines how long it will take to recover the initial amount invested into the business.

MODULE 8: Diagnostic report

The Diagnostic Report module covers Sensitivity Analysis of business based on key parameters.

8.1. SENSITIVITY ANALYSIS

Change in Selling Price
Change in cost of Production
Change in Discount Rate

MODULE 9: Partnership

The Partnership module covers key activities, created values and assets required for partnership formulation.

Partnership Canvas is designed to help organizations map out and optimize partnerships. It focuses on identifying the key aspects of collaboration with external entities to enhance value creation, sharing resources, and improving strategic goals.

Created Value	What value do you need to create for your organization? This value should correlate to one of your priority areas.
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Desired Asset	What capabilities or resources do you need from your partner?
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Offered Asset	What capabilities or resources can you offer your partner in exchange?
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Transfer Activity	What activities are needed for the partners to transfer the desired assets to each other? The transfer activities should logically lead to the new value created
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MODULE 10: Risk management

The Risk Management module covers development of risk assessment matrix.

A Risk Assessment Matrix is a tool used to evaluate and prioritize risks based on their likelihood and severity of impact. It helps organizations identify, assess, and manage risks systematically.

Potential Risks	What are the potential risks that could impact your organisation?
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Likelihood (Probability)	How likely is the risk to occur
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Impact	How significant would the impact be if the risk occurs?
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BUSINESS PARAMETERS

The business parameters are entries made by the business operator in order to generate efficient financial reports;

Cost and Capital Structure Assumptions	Capital structure analysis i.e. Solvency measures, Coverage ratios, Capitalisation ratios, etc.
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Initial Assets Required	List of assets required for initial investment
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Initial Working Capital	Working capital items required for initial investment
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Other Initial Expenses	Other expenses incurred during the initial investment
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