

# THE BUSINESS PLAN

(with special focus on financial aspects)

project „NEW START UPS“



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# The financial plan of the business plan and the tools to support start-ups

The area of FINANCE is probably the least popular area for most entrepreneurs, because it is related to accounting, taxes, law and other necessities imposed on us by legislation. It can often seem to us that this is the area that limits us the most. For any entrepreneur, however, this area is the MOST IMPORTANT.

## Among other things, the area of finance includes:

- Accounting
- Licensing activity, where the legislation imposes on us the obligation to have a given business activity - licenses, certifications, authorization to do business, etc.
- Establishment of bank accounts, investments, credits/loans
- Insurance
- Reporting - overviews of our activities – number of clients, number of sales, number of new acquisitions (new business case), number of merchants, sales success, etc. – mainly serve the BUSINESS area when setting new business strategies based on actual business results reflected in real income ( money).
- Controlling, or control of our management - monitors and controls our expenditure items and tries to manage them more with this activity. Optimize and spend much more efficiently.
- FINANCE provides and monitors 6 basic indicators of a successful business - such as: BUSINESS INTENT, FINANCIAL PLAN, BUSINESS PLAN, CASHFLOW, BALANCE SHEET AND INCOME STATEMENT.

## The form of resources

- own
- alternative financial sources – bank loans
- non-banking sector
- sale of a share of the business
- crowdfunding
- peer-to-peer financing
- start-up competitions
- investor

Concerning the seminar entitled "*The financial plan of the business plan and the tools to support start-ups*" intended for students of the "Cannizzaro" Industrial Technical Institute in Catania, partner of the client for the NEW START-UPS project, Dr Elisa Manganaro, dealt with subsidized financial instruments for young people who decide to open their own business managed by

INVITALIA, a national agency created to attract investments and business development.

Its funding for young people to open a business is:

- New interest-free businesses: an interest-free youth loan, dedicated to people under 35;
- Resto al Sud: an incentive for new businesses that are born in the South or in the earthquake-stricken areas of Central Italy, started by entrepreneurs under the age of 46;
- Smart&Start Italia: a loan dedicated to innovative start-ups;
- Cultura Crea: this loan is dispensed to support the birth and growth of businesses and non-profits operating in the culture and tourism sector in the South, with a view to enhancing local resources;
- Selfiemployment: this fund is used to specifically finance young NEETs (up to 29 years old) who want to start their own business.

And then we focused on the financial tools of RESTO AL SUD and SELFIEMPLOYMENT

- **Resto al Sud**, loans for young entrepreneurs from the South or from areas damaged by earthquakes. Loans for young people to open a business issued with Resto al Sud are dedicated to people under 55 and want to start a business in the South or in the earthquake-stricken areas of Central Italy.
  - They consist of a non-repayable contribution equal to 50% of the investment, and a bankloan of 50%, guaranteed by the Guarantee Fund for SMEs. Companies are admitted in the following sectors: Industry, Handicraft, Processing of agricultural products, Fishing, Aquaculture, Services to businesses and people, Tourism.
- **Selfiemployment**, loans for young entrepreneurs without guarantees. This loan is dedicated to young people up to 29 who do not work or study (the so-called NEETs) and who are enrolled in the Youth Guarantee program. These are real loans for young entrepreneurs without guarantees, and are interest-free, repayable in 7 years. The amount can range from 5,000 to 50,000 euros.

Subsequently, steps were taken to examine the methods of submitting the application for funding for Selfiemployment since it is aimed at a very young user target, focusing on the development

criteria of the business idea, in particular on the training and professional experiences of the proposer subject, from where the idea was born, the analysis of the reference customers, the analysis of the competition and the potential market, the strengths and weaknesses, the threats and opportunities, the promotion of the business, the administrative requirements for starting activity, the determination of the presumed turnover of the first 3 years of activity, the analysis of fixed and variable management costs, the budget estimates for the first 3 years of the company's activity, the calculation of taxes on the operating results and the analysis of cash flows and balance sheet indices, in order to verify the economic and financial sustainability of the business idea.

Finally, in order to provide a testimony of how a young person can start a business, Dr Laura Ingiulla, owner of the company "Bottega Celeste", a young designer who, after graduating from the Academy of Fine Arts and having attended a course on self-employment by joining the YES I START UP project of the National Microcredit Organization, has created a brand of artisanal and ecological gold art in which each artefact is handmade, bringing style back to life the archaic Greek that characterizes the areas of the slopes of Etna. The goal of Bottega Celeste is to enhance the Etna area and to make the #madeinvolcanoetna known worldwide. In the same spirit, with this seminar, I thought it appropriate to inform young people about the existing financial tools to help those who have an entrepreneurial idea and an enterprising spirit to find a job solution in an often-asphyxiated labour market, starting a business activity.