

#### Overview

Business plans are an essential tool for any business or partnership, enabling the business to demonstrate its strategy, model its finances and identify risks and resource needs and be prepared for and resilient to changes. When planning for delivery of contracts at Hinkley Point C it is necessary to develop business plans to prove the assumptions made on risk, resource and reward.

This information sheet sets out introductory information on the following:

- ◆ The purpose of a business plan
- ◆ What a business plan should cover
- ◆ The benefits of having a robust business plan

We also explain how the Hinkley Supply Chain Professional Services Group can assist you in drafting or developing a business plan.

#### Relevance

Hinkley Point C is a nationally critical infrastructure project, the construction of which will last for over 10 years. Service and construction contracts will run for many years and hence the opportunities for the supply chain are likely to exist and persist for much longer than in a typical construction project. The opportunity to benefit and grow from the catalyst provided by Hinkley Point C is a 'once in a generation' opportunity which should be grasped.

As such, a robust business plan to manage an organisation or joint ventures own operation, as well as satisfying EDF Energy or their Tier 1 partners that you are credible and capable to do so.

A robust business plan to manage these obligations and achieve success in the opportunities which such a project offers will be essential, not only to plan for and manage the organisations development and delivery, but also to satisfy EDF Energy and their Tier 1 partners that you are credible and capable to do so.

#### What?

##### **The purpose of a business plan**

Suppliers seeking contracts for Hinkley Point C will sometimes be required to successfully navigate a pre-qualification process before being given the opportunity to tender with the issue of an ITT (Invitation to Tender). This requirement seeks to demonstrate that resource is in place and that there are sufficiently robust and resilient plans for delivery. Business plans drawn up for this purpose need to address the specific objectives that the client (EDF Energy or main contractors) may have in asking for a business plan.

##### **Initial considerations**

Before beginning any business plan it is important to consider some of the following points:

**For more information and other fact sheets**  
please contact: [info@proservgroup.co.uk](mailto:info@proservgroup.co.uk)

- ◆ Who is the plan for? Is it for a single business, partnership, lead or supporting contractor or joint venture? Identifying who the parties to the plan are is key in determining who needs to input to the plan and thereby the process by which it will be developed. In determining the entity for whom the plan is being developed reference should be made to the other Professional Services Group guidance available on collaboration and assessing capability.
- ◆ Who will use the plan? Are there any specific requirements of these users, such as financial information, legal information, tender requirements etc. Is there a date by which the plan is required to be finalised?
- ◆ Your plan should demonstrate that the business can and will deliver on the proposed contract, highlighting existing capabilities and identifying challenges and mitigating factors where appropriate.

In summary the purpose of a plan is to set out in one document relevant information about the project being undertaken, who will deliver the project – including their skills and capabilities, how and when the project will be delivered, how the project will be resourced and financed and what the key risks associated with the project are.

#### **What a business plan should cover**

The contents of a business plan may be governed by contract or user requirements. In summary a good plan would include:

- ◆ Introduction.
  - ◇ Nature and description of business (single or partnership)
  - ◇ Key Individuals and contact details
  - ◇ Geography of operations
  - ◇ Company/organisation track record
  - ◇ Market position and customer base
  - ◇ Membership of relevant professional, corporate or sector organisations
- ◆ Key requirements of the delivery contract and how they will be met.
  - ◇ Skills (labour)
  - ◇ Resources (supply contracts)
  - ◇ Quality and quality assurances
  - ◇ Delivery and delivery assurances
  - ◇ Liability and Insurance
  - ◇ Relevant patents/trademarks and/or specific products
  - ◇ SWOT analysis
- ◆ Financials.
  - ◇ Integrated profit and loss cashflow and balance sheet projections to identify funding requirements and how these needs will be met
  - ◇ Where available annual accounts and year to date management accounts
  - ◇ Identification of key assumptions behind projections
  - ◇ Sensitivity analysis/financial modelling

**For more information and other fact sheets**

**please contact: [info@proservgroup.co.uk](mailto:info@proservgroup.co.uk)**

- ◆ Key suppliers/JV partners.
  - ◇ Description of contractual relationship
  - ◇ Profile of suppliers/other partnering companies
  - ◇ Assurances and guarantees (e.g. of SPV newcos)
  
- ◆ Experience.
  - ◇ Customer base
  - ◇ Case studies
  - ◇ Mission statement/vision/corporate values
  
- ◆ Management team.
  - ◇ Personnel/CVs
  - ◇ Gaps/recruitment
  
- ◆ Appendices.
  - ◇ Detailed financials
  - ◇ Supporting documents, including risks' mitigation plans
  - ◇ Insurance details/requirements
  - ◇ Contractual details

## Why?

### **The benefits of having a robust business plan**

Having a robust business plan will enable your organisation to clearly demonstrate its capabilities to deliver a project, whilst fully understanding what you will need in order to do so.

A business plan should be kept alive at all stages of the project process – from planning through delivery to completion. It is a key tool for both the business and its stakeholders to monitor project progress and delivery whilst effectively and cost efficiently mitigating arising risks and necessary changes.

### **Some of the key benefits include:**

#### **Internal**

- ◆ Essential organisation and coordinating tool bringing together the elements necessary to bid for, execute and monitor the project work.
- ◆ Forms the basis of the allocation of individual responsibilities for each element of the project and from that to develop appropriate internal cross charging arrangements.
- ◆ Helps identify requirements for resources, skills and funding and where there are gaps that need filling.
- ◆ Management techniques such as SMART Targets/lean and training regimes/risk mitigation planning.

**For more information and other fact sheets**

**please contact: [info@proservgroup.co.uk](mailto:info@proservgroup.co.uk)**

#### External

- ◆ Explains background to the organisation and can be used and re-used (hence saving time and ensuring consistency) for instance for funding and grant applications and (critically) tender application.
- ◆ Enables opportunities to fill gaps – in resources, skills and funding – to be described.
- ◆ Establishes ambitions, targets and goals and allows change and progress to be tracked and updated over time.

#### Where next?

The Professional Services Group is a **collaborative group of key professional service providers** in the region that have been briefed on the project and understand the processes involved in the bidding, winning, mobilisation and delivery of contracts, either with EDF Energy or Tier 1 contractors.

The Professional Services Group, **co-ordinated by the Hinkley Supply Chain Team**, is able to offer critical services to suppliers seeking support, through their collective expertise in: **Accounting and Finance, Legal Services, Human Resources, and Project Management.**

We have experience of assessing capability and developing a strategy with action plans to grow organisations and assemble winning teams, and can assist you with information and advice that you will need to develop your capability and readiness to deliver.