
The Entrepreneur's
Secret
Bank Windhoek
a member of Capricorn Group



The process of developing a **business plan** will help you think through some important issues that you may not have considered.

Welcome to Business Banking

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Welcome

As the first Bank in Namibia to realise the importance of the SME sector as one of the biggest job creators, contributing to major economic growth, Bank Windhoek established a Business Banking i-Lounge, which is a virtual service centre for all business clients.

This is an inbound and outbound telephone service, that allows clients to connect to a business banker from the comfort of their business. We have been at the forefront of SME development in Namibia for the past 16 years and as such our offering is made to suit your business needs.

Starting and managing a business takes motivation, desire, and talent. It also takes research and planning. Success in small businesses starts with decisive and correct opening moves and although initial mistakes will not kill your business, it takes skill, discipline, and hard work to fix them. To increase your chance of success, take the time up front to explore and evaluate your business and personal goals. Then use the information to build a comprehensive and well thought out business plan that will help you reach these goals. The process of developing a business plan will help you think through some important issues that you may not have considered. Your plan will become a valuable tool as you try to raise money for your business. It should also provide goals to help you keep track of your success.

Getting Started with Your Business Concept

Before starting out, list your reasons for wanting to go into business. Some of the most common reasons for starting a business are:

- You want to be your own boss
- You want financial independence
- You want creative freedom
- You want to use your skills and knowledge

What other reasons are there to start your own business? Can you list a few?

What type of business do you want to start?

Now that you know why you want to start a business; you need to determine what business is "right for you." Ask yourself these questions:

What do I like to do with my time?

What technical skills have I learned or developed?

What do others say I am good at?

How much time do I have to run a successful business?

Do I have any hobbies or interests that are marketable?

What need in your community will your business satisfy?

Is my idea practical and what need does it fill?

Who is my competition?

What is my business' advantage over existing ones?

Can I deliver a better quality of service?

Can I create a demand for my product?

What value can my business add to my community?

Pre-business checklist

What business am I interested in starting?

What services or products will I sell? Where will I be located?

What skills and experience do I bring to the business?

What will I name my business?

What equipment or supplies will I need?

What financing will I need?

What are my resources?

How will I compensate myself?

Finding a Slot or Position in the Market

A market in its entirety is too broad for any but the largest companies to tackle successfully. The best strategy for a smaller business is to divide demand into manageable markets, or areas of special focus. Small operations can then offer specialised goods and services attractive to a specific group of prospective buyers. There are undoubtedly some products or services you are suited to provide. Study the market carefully and you will find opportunities.

While researching your company's market, consider the areas in which your competitors already have strong business. Put this information into a table or a graph to show where an opening might be for your product or service. Try to find the right combination of products, services, quality, and price that will ensure the least direct competition. A well-designed database can help you sort through your market information and reveal segments you might not see otherwise.

Marketing Basics

To succeed in any business, entrepreneurs must attract and retain a growing base of satisfied customers. Marketing programs, though widely varied, are aimed at convincing people to try out and keep using your products and services. Business owners should carefully plan their marketing strategies.

The following is important when marketing your products/services:

Place

Do customers know where and who you are (use posters/flyers, local radio stations, and social media).

Product

What do your customers want? Have you asked them? Do people know what you offer? How is your product/service different from that of your competitors?

Price

Are your prices affordable for your intended customers? Maybe your prices are too high or even too low? How does your price compare to your competitors?

Promotion

This involves personal selling (friends and family), advertising (flyers, newspapers, local radio, socialmedia), sales promotion (specials), and direct marketing and publicity.

People

Refers to anyone directly or indirectly involved in the business side of the enterprise. That means anyone involved in selling a product or service, designing it, marketing, managing teams, representing customers, recruiting, and training.

Positioning

Brand positioning drives the traditional 4 Ps of marketing (product, place, price, and promotion) to deliver an offering that meets the needs and desires of customers.

Processes

The 5-step process involves understanding the marketplace and customers, developing a marketing strategy, delivering value, growing customer relations, and capturing value from customers.

Performances

The marketing performance is the alignment between the marketing team's stated goals and objectives versus actual results. It is measured using a selection of metrics and key performance indicators (KPIs), including return on investment, cost per sale, cost per lead, conversion rate, and customer lifetime value.

Which of these do you have in place at your business?



Getting Started with Your Business Concept

One key to a successful start-up business is your ability to get and secure appropriate financing. Raising capital is the most basic of all business activities. But, as many new entrepreneurs quickly discover, raising capital may not be easy; in fact, it can be a complex and frustrating process. However, if you are informed and have planned effectively, raising money for your business will not be a painful experience.

This information summary focuses on ways a small business can raise money and explains how to prepare a loan proposal.

Budget
To start your business, you will need to understand how much money you will need to get started and how much money will be needed monthly to pay for monthly expenses and repay any borrowed money.

Can you think of the items that you might need to start your business?

List of Items	Estimated N$
	N$
	N$
	N$
	N$
	N$
Total	N$

Can you think of possible monthly expenses needed for your business?

List of Items	Estimated N$
	N$
	N$
	N$
	N$
	N$
Total	N$

Finding the Money You Need

There are several sources to consider when looking for financing. It is important to explore all of your options before making a decision.

Personal savings:
The primary source of capital for most new businesses comes from saving and other forms of personal resources. While credit cards are often used to finance business needs, there may be better options available, even for very small loans.

Friends and relatives:
Many entrepreneurs look to private sources, such as friends and family, when starting a business. Often money is loaned interest free or at a low interest rate, which can be beneficial when getting started.

Banks
The most common source of funding are banks, which provide a loan if you can show that your business proposal is complete.

Venture capital firms:
These firms help expanding companies grow in exchange for equity or partial ownership.

Borrowing Money
It is often said that small businesspeople have difficulty borrowing money. This is not necessarily true. Banks make money by lending money. However, the inexperience of many small business owners in financial matters often prompts Banks to deny loan requests.

Requesting a loan when you are not properly prepared sends a negative signal to your banker. That message is: High Risk! To be successful in getting a loan, you must be prepared and organised. You must know exactly how much money you need, why you need it, and how you will pay it back. You must be able to convince your lender that you are a good credit risk.



Food for **Thought**

Consider the following points before making an appointment with your bank official:

Is your business plan ready?

Often, starting small can be the perfect way to go. Your business will not have the burden of large monthly repayments and interest. This may be to your benefit. Bank Windhoek will make sure you have a credible business plan, and that you understand the products or services you are offering to the market. A business plan will be the main source of information about your business.

We will discuss what information is needed in your business plan in the next section of this manual. **Annexure A**, at the end of this manual, gives you a practical example of a business plan. Use the business plan to demonstrate your understanding of the industry and your expertise. You will also want to provide the Bank with cash flow projections to indicate that there will be a steady flow of cash to help repay the loan.

What is a Cash Flow Forecast?

A cash flow forecast indicates the likely future movement of cash in and out of your business. It is an estimate of the amount of money you expect to flow in (receipts) and out (payments) of your business and includes all your projected income and expenses.

What is collateral/security?

Money or personal property pledged as security for repayment of a loan, is held by the Bank in the event of you not repaying your loan. Collateral shows the Bank how much you believe in your own business. At the end of the day, it is "your" business and not the Bank's.





What You Need to Apply for a Loan

Clearly identify the purpose of the loan
It isn't enough to say that you want a loan to start your business. Banks want to know that you have a clear idea of how you will use the loan – without that they may think that you do not have vision or don't know how to manage money. To get past this, identify major pieces of equipment or projects that the loan would be used to buy. As far as possible, obtain quotations for everything that you need to get.

The following documents are required by the Bank:

A detailed business plan, which includes:

- ☐ The business concept
- ☐ Market analysis
- ☐ Marketing strategy
- ☐ A budget with applicable quotations
- ☐ A cash flow projection for at least 12 months

Other important documentation that should accompany your Bank Windhoek SME loan application:

- ☐ Company registration documents
- ☐ Financial statements (for existing businesses) or a summary of income and expenses
- ☐ Six-month Bank statements of your company and/or your personal account
- ☐ Shareholder information (Curriculum Vitae, ID, Marital Certificate, and municipality bill)
- ☐ Contract, tender, or letter of intent of your clients and/or reference letters where applicable e.g. construction
- ☐ Other industrial specific requirements
- ☐ Copy of lease agreement
- ☐ Proof of VAT/Income Tax Registration

Other important documentation that should accompany your Bank Windhoek SME Loan application:

- ☐ IDs of all members
- ☐ Full registration documents/founding statement/amended (if applicable)
- ☐ Proof of business address, where the business is/will be operating from e.g. municipal bill not older than 3 months/lease agreement
- ☐ Income tax registration
- ☐ Resolution (letter/minutes of meeting held by board members/selected committee stating An account be opened with Bank Windhoek, who should act/sign on the account, and in what capacity. Originally signed and initialled by all members/selected committee on business letterhead)

What does Bank Windhoek look at when you apply for a loan?
When reviewing a loan request, Bank Windhoek is primarily concerned about repayment. To help determine this ability, many loan officers will request a copy of your business credit report from a credit reporting agency. Therefore, you should work with these agencies to help them present an accurate picture of you as an individual and your business.

What do Bank officials look for?

- Have you invested savings or personal equity in your business totalling at least 25% to 50% of the loan you are requesting? (Remember: a lender or investor will not finance 100% of your business)
- Do you have a sound record of creditworthiness as indicated by your Bank report, ITC, work history, and letter of recommendation? (This is very important)
- Do you have significant experience and training that will allow you to operate this business successfully?
- Have you prepared a business plan that shows your understanding of the commitment to the success of the business?
- Will the business have sufficient cash flow to make the monthly repayments?

What Bank Windhoek Business Banking Offer

Vehicle and Asset Finance:

This allows your business to purchase equipment and machinery such as computers, office furniture, vehicles, trucks, etc. The Bank will finance the transaction and the client will repay the loan in fixed monthly instalments over the contractual period.

Property Finance:

Long-term finance is provided to business to buy, improve, or construct fixed properties for commercial purposes such as offices or factories.

Term Loan:

A term loan is short financing made available to assist business with the acquisition of stock, operational expenses, and expansions. These loans are payable in 3 years.

Commercial Loan:

A commercial loan is available to assist the business to meet its long-term financial obligations. These loans are payable in 8 years. Commercial loans may be granted for the buying of a business (franchise), working capital, or a combination of various long-term finance needs.

Letters of Credit:

A letter of credit is a financial instrument in writing that is issued by the Bank on behalf of a client in favour of a third party (the beneficiary) for export or import purposes at a specific value. The Bank undertakes or promises the fulfilment of the client's stated obligations toward the beneficiary after performance by the beneficiary.

The client remains the obligated and the letter of credit is limited to a monetary condition. In the import and export trade, this would normally entail the delivery of: bill of lading, insurance documents, shipping guarantees/air releases, etc.

Letter of Undertaking and Guarantees:

This service entails the provision of a guarantee or letter of undertaking to a third party for a specified project amount. The guarantee serves as a promise to fulfil the specified financial obligation on behalf of the SME client.



SME Investment Products:

Call Deposit
A client can invest their funds in a call deposit daily. These funds remain immediately accessible and available if and when required by the client. The same account can therefore be used for withdrawals and deposits.

Fixed Deposit
A fixed deposit is an investment made over a specific fixed period, earning a fixed (guaranteed) interest rate. This product is aimed at investors who require a guaranteed yield over the medium or long-term.

Notice Deposit
A notice deposit requires that the client gives notice to the Bank if they wish to call up their investment and that the Bank gives notice to the client of any charges and interest rates. The funds can be invested for an indefinite period until the applicable number of days' notice is given. This product is particularly suitable for clients who wish to maximise their investment return without tying the funds up for an extended period.

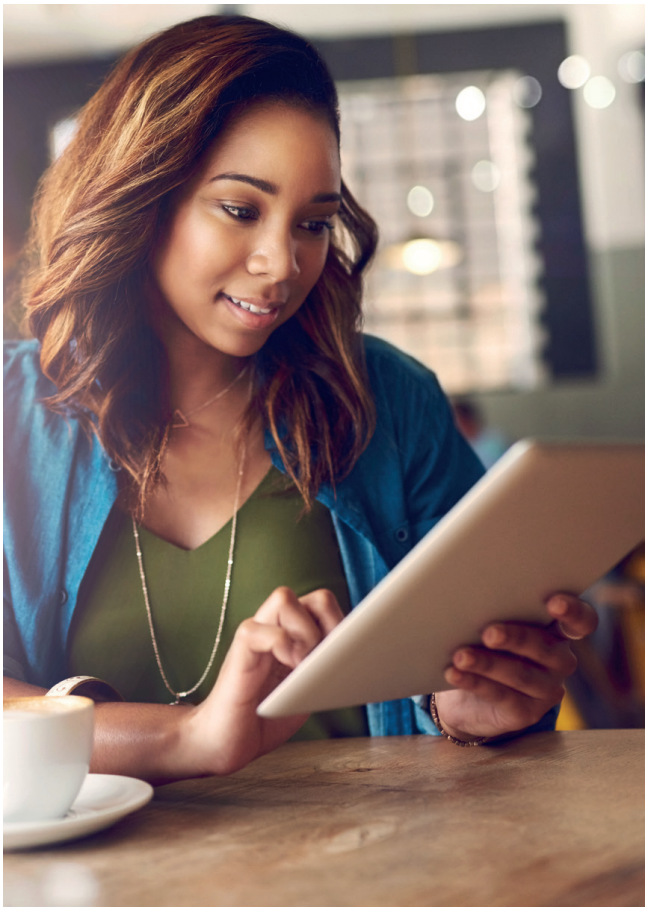
Business Plan Outline

This paper provides a suggested outline of the issues that should be included in the applicant's business plan when applying for a credit facility from the Bank. The business plan should be tailored to fit the circumstances of the individual and their business.

Description of the Business
- What business are you in?
  - Type of business: primarily merchandising, manufacturing, retailing, or service?
  - What is the nature of the product(s) or service(s)?
  - What makes your business stand out?
- What market do you intend to serve?
  - What is the total market and what is your expected share?
- How will you serve the market better than your competitor(s)?
- What is the present status of the business?
  - Is it a startup?
  - Expansion of a growing concern?
  - Or take-over of an existing business?
- If you will be doing any contract work, what are the terms? Include any firm contracts as supporting documents. If there are any letters of intent from prospective customers and/or suppliers, please include them.

For Existing Businesses
- What is the history of the business?
- For what reason could the business go downhill? How will you be able to turn it around?
- If your business is seasonal, make sure seasonality is reflected in your financial projections with appropriate footnotes, if possible.

Business Location
- What is your business address and why did you choose this location?
- Will the building be leased or owned?
- If it is leased, what are the terms and length of the lease contract?
- Describe the neighbourhood e.g. stable, changing, improving, deteriorating, etc.
- Who are your competitors? How strong are they?



BIPA CORE BUSINESS FUNCTIONS/SERVICES

The Business and Intellectual Property Authority (BIPA) offers two main services to the public namely:

- Businesses registrations services – to improve Namibia's competitiveness with the view of promoting commerce, trade, and investment.
- Intellectual Property Rights Registration Services - administration and protection aimed at promoting socio-economic development, innovation, and value-added industrialisation.

REGULATORY FRAMEWORK

BIPA governs its operations through various legal instruments, namely: Legislations and Mandates

1. **The Companies Act, (Act No. 28 of 2004) and Administrative Regulations**
   Register Companies, maintain data, regulate governance of and disclosure by companies, resolve disputes, educate, and inform about all laws, non-binding opinions and circulars, policy, and legislative advice.

2. **The Close Corporation Act, (Act No. 26 of 1988) and the Administrative Regulations**
   Register Close Corporations, maintain data, regulate governance of and disclosure by close corporations.

3. **Financial Intelligence Act, (Act No. 13 of 2012) and Administrative Regulations**
   To introduce measures to protect the Namibian economy against financial crime, such as money laundering and terrorist financing activities.

4. **Industrial Property Act, (Act No. 1 of 2012) and Administrative Regulations**
   Provide for the establishment of an Industrial Property Office and the appointment of a Registrar of industrial property; to provide for the grant, protection, and administration of patents and utility model certificates; to provide for the registration, protection, and administration of industrial designs; to provide for the registration, protection, and administration of trade marks, collective marks, certification marks, and trade names; to provide for the registration of industrial property agents; to provide for the establishment of an Industrial Property Tribunal.

5. **Copyrights and Neighbouring Rights Protection Act, (Act No. 6 of 1994)**
   Register Copyrights, maintain data, resolve disputes, and provide advice to the public.

WHY REGISTER YOUR BUSINESS?

- To formalise your business and operate as a legal entity
- Protect the name of your business
- Access to financing for your business
- Reputation and Prestige
- Ability to attract investors
- To register as a business with the Inland Revenue Department, the Social Security Commission, and other regulatory bodies
- To open a business bank account
- To be able to bid for Tenders and more

Types of Business Registrations and Number of Days to Register

Business Registration

Defensive Name:

- 2 days name reservation
- 1 day registration of Defensive Name
- TOTAL: 3 Days

Close Corporation:

- 2 days name reservation
- 3 days registration of the CC
- TOTAL: 5 Days

Companies: Public Companies, Private Companies, NGOs, Foreign/External

- 2 days name reservation
- 1 day submission and registration payment
- 3 to 4 days for registration of company
- TOTAL: 7 Days
- Depending on shareholders' share capital

How to Start the Process

NAME RESERVATION:

- Any business entity, upon registration, MUST have a name reserved and approved
- Name reservation is important to distinguish one business entity from another
- A business entity without a name is the same as a human being without an identity
- Name reservation is the first step in business registration
- Name reservation upon approval is valid for only 60 days

The following forms are prescribed when applying for a name reservation:

- Completed **CC8** Form (For Reservation of a Close Corporation Name and Shortened form of a Name)
- Completed **CM5** Form (For Reservation of a Company Name, Section 21, Foreign Company, and Defensive Name)

Additional Forms:

Completed CM7 Form (for Reservation of a Shortened Name of Company)

Required Documents to Attach:

- Copy of Certified Identity Document/Passport of Applicant (Latest 6 months originally certified if based Namibia and for foreigners based outside Namibia, passport to be originally notarised in that country of origin)
- Contact details (mobile number/email address) of applicant

DEFENSIVE NAME:

- A defensive name is not a form of business or a sole proprietorship, meaning BIPA does not and cannot regulate such set up
- BIPA does not prohibit the registration of a Defensive Name but requires such registration to comply with Section 49(2) of the Companies Act
- The purpose of a defensive name is to prevent the registration of another company with that name, or a name nearly resembling it; and it is not to be used for the purpose of trading
- The applicant must satisfy the Registrar as to their title to the name that they want to register defensively, and furnish the satisfactory proof that they have direct and material interest in the name
- In addition, a defensive name, once approved will be valid for two (2) years and may be renewed for another two (2) years only
- A Defensive Name may, at any point after registration (provided it is still valid) be registered into a Close Corporation or a Company





CLOSE CORPORATIONS: PROCEDURE FOR REGISTRATION

Submission of:

- Approved CC8 (for Name Reservation) - S19(2)
- CC1 (Founding Statement in triplicate) (Reg. 10(2))
- Consent Letter – to be obtained from a certified accountant (S59(2)) registered with a recognised accounting body (S60(1))
- Contact particulars of all members and witnesses
- Written Consent and Power of Attorney (where applicable)
- Consent from NAMFISA, Namibia Tourism Board, and Namibia Estate Agents Board where applicable
- Written Statement in respect of foreign members (where applicable)

CC Amendment process:

- Amendment applications are made when an owner wishes to change a registered Founding Statement
- Examples: Add or remove members, change accounting officers, membership shares, etc.
- Annual Duties must be fully paid prior to amendment

Annual Returns and Annual Duties: CC

- Submission of Form CC7
- Annual Duty Fee, Payable at the end of each financial year
- Penalties are payable for defaulting entities

Annual Returns and Annual Duties for Companies:

- Submission of Form CM 23
- Annual Duty Fee, plus additional fees depending on the issued share capital
- No Annual Duties payable for Section 21 Companies
- Submission of Form CM 23 with prescribed fee only

AMENDMENTS TO EXISTING COMPANIES AND CLOSE CORPORATIONS:

- Change of Name
- Appointment of new member(s)/directors
- Appointment of new accounting officer/auditor
- Resignation of members/directors
- Resignation of accounting officer/auditor
- Change of financial year-end
- Change of Address
- Amendment of business activities, addresses, etc.
- Removal of deceased members/directors
- With the registration of a Court Order
- With the restoration of an entity (provided there are changes on restoration)

BIPA Contact Details:

- Call Centre: **061- 299 4433**
- Website: **www.bipa.na**
- General Enquiries: **info@bipa.na**
- Account Statement: **debtors@bipa.na**
- Regional Application: **regions@bipa.na**
- Records Office: **filerequest@bipa.na**
- Intellectual Property: **ip@bipa.na**

MAIN BUSINESS ENTITIES

INFORMAL ENTERPRISES

Informal trader:

- Microenterprises, usually without any form of governance
- In essence, a sole proprietor operating on a small scale

Sole proprietorship or defensive name:

- Easy form of business structure, with no formal registration except for a Defensive Name (the purpose of a defensive name is to prevent the registration of another entity with that name, or a name as that is the same, and once a defensive name is registered it will be protected for a period of 2 years, with a possible renewal of another 2 years only)
- A defensive name is therefore not registered for the purpose of trading but only for the purpose of protecting a name, as stipulated in the Companies Act, 2004

Partnership:

- Common-law partnerships can even be formed by oral agreement, though it is never advisable to form a partnership by oral agreement
- Owner trades under own name or in partnership with another
- No separation of personal and business assets

BIPA Registered Businesses

Close Corporation

- A Close Corporation/CC can have 1-10 owners, referred to as members, who own and manage the Close Corporation
- Operates as a separate legal entity
- Very relaxed reporting requirements
- Interest in the Close Corporation is indicated in percentages

Private Company (Pty) Ltd.

- Formal registration required
- Operates as a separate legal entity
- Offers protection against personal liability for business activities, if there is someone that signed surety for the director, that person will incur liability
- It is a separate legal entity with its own rights, privileges, and liabilities
- The owners of a company are its shareholders
- The directors appoint shareholders to oversee the operations of the company
- The company has a life of its own and does not dissolve when ownership changes
- Shareholders are limited to 50
- Company shares are not offered to the public
- A minimum of one director and one shareholder
- A minimal number of annual formalities

Public Company (Ltd.)

- Formal registration is required
- A company is a complex business structure and operates as a separate legal entity
- It is a separate legal persona with its own rights, privileges, and liabilities
- The company can offer protection against personal liability for business activities (unless suretyships provided by shareholders/directors, which incur liability to surety holder, with consequential loss of protection for the person signing surety)
- The owners of a company are its shareholders
- The shareholders appoint directors to oversee the operations of the company
- The company has a life of its own and does not dissolve when ownership changes
- Unlimited shareholding
- Can offer shares for sale on securities exchanges to the public

Public company as Non-Profit Association (Section 21 Company) Example: NGOs

- For Non-profit activities
- The income and property of a non-profit company is not distributable to its incorporators, directors, members, officers, or persons related to any of them and must be used to advance the purpose for which it was created, as set out in its memorandum of incorporation

Trust

- In essence, a contractually created business organisation conducting business that is managed by trustees
- Registered by way of a formal deed at the offices of the Master of the High court
- The trust founder may also be a trustee, a beneficiary, or both
- The trust founder may not be the only trustee, however, he may be the only beneficiary
- A trustee may also be a beneficiary, even the only beneficiary, however, when a trustee is the only trustee, he may not also be the only beneficiary
- Protection against personal liability
- A minimum of annual formalities
- Tax requirements as outlined by the Ministry of Finance
- Cheaper and easier to dissolve than a company

Annexure A

Management

- What is your business and management experience?
- What education have you had, including both formal and informal courses that contribute to your management abilities?
- Do you have direct operational and/or management experience in this type of business?
- Describe your organisational structure and include a brief description of who does what (Include an organisational chart if necessary)

Personnel

- How many employees will be employed?
- What skills must your employees have?
- Do you need to train them, and at what cost?

Insurance

Describe your potential business risks and what insurance coverage you will purchase to protectyourself.

The Market

- Generally, explain who needs your product or service and how you plan to reach them.
- What is the present size and growth potential of the market?
- If possible, describe the age, sex, occupation, lifestyle, income, etc. of your various market segments
- How will you attract and keep your segment of the market?
  - Product quality
  - Price
  - Personal selling etc.
- What is your selling strategy
  - Will you sell on cash?
  - Will you sell on credit?

Financial Information:

- Projected Cash Flow Forecast for a period of 12 months
- For existing business: latest Income Statement and Balance Sheet
- Capital equipment list

Supporting Documents:

- Brief personal CVs for all members/directors etc.
- Personal balance sheets for all members/directors etc.
- Letter of reference, where appropriate
- Letters of intent from prospective customers or suppliers
- Copies of all contracts, leases, agreements, deeds, or other legal documents
- Any other information that might help your case or answer potential questions

As your banking partner, Bank Windhoek Business Banking is proud to contribute towards the success of your business.

To find out how we can empower you to reach your goals with this unique offering, please contact the Business Banking i-Lounge at **service.bbilounge@bankwindhoek.com.na** or visit **bankwindhoek.com.na**

You are welcome to contact one of our friendly consultants on **(061) 299 1666** to ensure that you fully understand the requirements and processes.



Notes




Bank Windhoek
a member of Capricorn Group