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RECOMMENDED CONTENTS OF BUSINESS PLANS AND FEASIBILITY STUDIES AT HOME AND ABROAD

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Abstract

The aim of this paper is to analyze the recommended content of business plans and feasibility studies at home and abroad, to describe the differences and provide guidance and recommendations on how to improve the recommended contents. According to the recommended content (CBRD), there haven't been introduced analyses such as SWOT analysis, PEST analysis and VMOST analysis in Croatia. All major banking institutions that operate in the Croatian financial market accept CBRD's model. Whether the recommended content is good, what are the differences in terms of countries of the world, and how to make a good and quality business plan or feasibility study are the questions that this paper will try to answer.

The first part describes various recommended contents of business plans and feasibility studies at home and abroad and the second part describes the thanklessness of financial indicators projections nowadays. The third part of the paper analyzes why it is necessary to make analyses like SWOT, PESTLE and VMOST, along financial analysis, what they consist of, and how to do them well and efficiently. Also, the paper examines how they complement the

financial tables and provide a better and wider picture of the entrepreneur, company or project.

In conclusion, the paper will show that the recommended content has to be modified and supplement these earlier analyses, and thus try to restore the confidence of potential investors.

Keywords: business plans, feasibility studies, analysis

1. INTRODUCTION

By observing and studying the economic crisis and its effects, both on the existing business and entrepreneurs, as well as those who are trying to succeed, it can be concluded that there is a need for a new wave of investment. Investors, as well as private banks have become skeptical of the existing methods of preparation of business plans and feasibility studies. Essential and rapid changes in the content of business plans and feasibility studies is what is needed. In order to restore the confidence of potential investors it is no longer enough just to show that the project is financially viable. It is known that the projection of Finance at the present time is a thankless job, and the results are often questionable, so it is necessary to prepare additional analyses such as SWOT, PEST (LE) and VMOST analysis, along the financial analysis. Comparing the recommended content of business plans and feasibility studies at home and abroad, we can conclude that the content varies. Using some form of SWOT, PEST (LE) and VMOST analysis is an integral part of the contents of business plans and feasibility studies abroad, whereas in Croatia they are not mentioned in the recommended content.

The aim of this paper is to analyze the recommended content of business plans and feasibility studies at home and abroad, to describe the differences and provide guidance and recommendations on how to improve the recommended contents.

2. WHAT BUSINESS PLANS AND FEASIBILITY STUDIES ARE?

Initially, it should be noted that the business plan and feasibility study, although at first glance similar, are not the same. A feasibility study is done before the business plan, before the implementation of virtually any activity related to the realization of business ideas. While the feasibility study tells us that it is profitable to go into a business idea, a business plan is complex and extensive, it gives us the financial indicators

that talk about the vision, mission, goals, and other important factors that affect the business plan.

2.1. Business plan

Various authors have given their definition of a business plan, and some of them are: "Business plan is a document describing the current activities of a business, setting out its aims and objectives and how they are to be achieved over a set period of time." (BUSINESS The Ultimate Resource, Various Contributors, Bloomsbury publishing, 2002, p.1195)

"Entrepreneurial project or business plan is a document that elaborates in detail all aspects of entrepreneurial ideas and business opportunities, and based on which a final decision on its possible implementation is made. An entrepreneurial project is, in fact, a systematically structured study from which you can read the relevant answers to all questions related to planning, initiating, funding, organization, administration, development and control of entrepreneurial ventures throughout your life." (Nikola Kuvaić, Biznis-plan ili poduzetnički projekt, Beretin d.o.o. Split, 2005. p.124)

A business plan can be defined as an important document whose content deals with smaller entrepreneurial ventures, it contains a complete and detailed investment business for beginners, but also for those that expand the business. It provides an assessment of the expected effects and models to solve problems in the future. Under this name hides a document that analyzes all the factors of the project.

2.1.1. Contents of business plan

When speaking of the recommended contents of the business plan, it can vary depending on whether it is home or abroad. Many forms of recommended content occur in Croatia, while the most appropriate and the most common recommended content is the one of the Croatian Bank for Reconstruction and Development. Commercial banks have their financial and market tables that vary from bank to bank, but if it is a financially demanding projects they require a business plan. Commercial banks accept business plans that have the recommended content CBRD.

When speaking of the recommended contents of the business plan (to HBOR), Croatia distinguishes recommended content to 700,000.00

HRK and above 700,000.00 HRK. Recommended content for total investment of less than HRK 700,000.00 is:

1.	INFORMATION ON ENTREPRENEURS
1.1.	ABOUT THE PERSONS IN UNDERTAKINGS
1.2.	ASSESSMENT ENTREPRENEURSHIP
2.	BACKGROUND
2.1.	GENESIS OF BUSINESS IDEAS
2.2.	THE REASON FOR ESTABLISHING
2.3.	VISION AND MISSION BUSINESS VENTURE
3.	SCOPE OF WORK (PRODUCT OR SERVICE)
4.	MARKET JUSTIFICATION
4.1.	PROCUREMENT MARKET
4.2.	SALES
5.	TECHNICAL DATA ELEMENTS OF ENTERPRISE
5.1.	DESCRIPTION OF TECHNOLOGY
5.2.	COST STRUCTURE
5.3.	STRUCTURE AND NUMBER OF EMPLOYEES
6.	LOCATION
7.	ENVIRONMENTAL PROTECTION
8.	FINANCIAL ELEMENTS OF ENTERPRISE
8.1.	INVESTMENTS IN FIXED
8.2.	CALCULATION OF AMORTIZATION SCHEDULE
8.3.	PRICE CALCULATION
8.4.	OPERATING EXPENSES
8.5.	INVESTMENTS IN CURRENT ASSETS
8.6.	SOURCES OF FINANCING
8.7.	INCOME (INCOME)
8.8.	INDICATOR OF THE EFFICIENCY
8.8.1.	FINANCIAL FLOWS (REVENUES AND EXPENDITURES)
9.	CONCLUSION

Tables 1. Recommended content for total investment of less than HRK 700.000,00

Source: www.hbor.hr

¹ <http://www.hbor.hr/Art802>, [accessed 10.04.2013]

Recommended content for total investment of more than HRK 700,000.00 is:

INTRODUCTION
SUMMARY OF INVESTMENT
1. INFORMATION ENTREPRENEURS - INVESTOR
2. SUBJECT OF INVESTORS
3. EXISTING PROPERTY INVESTORS
4. ANALYSIS OF CURRENT FINANCIAL OPERATIONS
5. ASSESSMENT OF DEVELOPMENT OPPORTUNITIES INVESTORS
6. MARKET ANALYSIS
MARKET MANAGER
MARKET SALES
SUMMARY OF MARKET ANALYSIS AND ASSESSMENT OF INCOME GENERATION
7. DYNAMICS AND STRUCTURE EMPLOYEES
ANALYSIS OF PERSONNEL NEEDED
CALCULATION OF THE ANNUAL GROSS SALARY
8. TECHNICAL ELEMENTS OF INVESTMENT
DESCRIPTION OF TECHNOLOGICAL PROCESS
CONSUMPTION OF RAW MATERIALS AND ENERGY
TECHNICAL STRUCTURE OF INVESTMENT
FEATURES OF THE BUILDING (OFFICE SPACE)
9. LOCATION
10. ENVIRONMENTAL PROTECTION
11. DYNAMICS REALIZATION OF INVESTMENTS
12. ECONOMIC AND FINANCIAL ANALYSIS
INVESTMENT IN FIXED ASSETS
INVESTMENT IN WORKING CAPITAL
THE STRUCTURE OF INVESTMENTS IN FIXED ASSETS AND WORKING CAPITAL
SOURCES OF FINANCING AND CREDIT TERMS
SOURCES OF FINANCING
CALCULATION OF CREDIT COMMITMENTS
CALCULATION OF DEPRECIATION
CALCULATION OF COST AND PRICE CALCULATION

Tables 2. Recommended content for total investment of more than HRK 700.000,00

Source: *www.hbor.hr*

Globally, some of the most recommended contents of the business plan, are those that are referred to in American literature. One of the main differences between Croatian and international recommended contents of business plans is that the international contains some form of or SWOT, PEST-LE and VMOST analysis. This is evident from the following recommended content of business plans:

ABSTRACT
A BRIEF DESCRIPTION OF THE BUSINESS IDEA
BRIEF DESCRIPTION OF SERVICES OFFERED
A BRIEF DESCRIPTION OF THE SPECIFIC ADVANTAGES OF THE CUSTOMER
YOUR ABILITY TO LEAD / FOUNDING COMPANIES
SALES EXPECTATIONS IN THE EARLY YEARS
THE PLANNED INITIAL AND ONGOING INVESTMENT
PROJECTED DEMAND FOR BORROWED FUNDS / LOANS / GRANTS
COMPANY PROFILE / BUSINESS PROFILE
KEY COMPANY: COMPANY NAME, BUSINESS PURPOSE, CONTACT DETAILS, OWNERSHIP STRUCTURE, CORPORATE HEADQUARTERS
PRESENTATION OF BUSINESS IDEAS
CONTRACTS HAVE BEEN CONCLUDED
EXISTING CUSTOMER ORDERS
CAREER IMPACT ON THE COMPANY (IF ONE EXISTS)
FORMAL PERSONAL INFORMATION SUCH AS AGE AND FAMILY SITUATION
THEIR COMPETENCY
THEIR COMMERCIAL SKILLS
THEIR MOTIVATION FOR SELF-
IN CASE OF LACK OF SKILLS: HOW TO GET RID OF THESE GAPS?

² <http://www.hbor.hr/Art801>, [accessed 10.04.2013]

OBJECTIVES AND SUCCESS FACTORS OF YOUR BUSINESS
YOUR CHOICE OF LOCATIONS, INCLUDING JUSTIFICATION
SERVICES
SERVICES OFFERED BY THE COMPANY AT A GLANCE
DIFFERENCES IN YOUR OFFER SERVICES IN COMPETITION
A ROUGH DESCRIPTION OF THE PRODUCT CHARACTERISTICS
REPRESENTATION OF SPECIAL CUSTOMER BENEFITS
THE CURRENT STATE OF DEVELOPMENT OF ITS PRODUCTS
PROTECTION OF BUSINESS IDEAS, SUCH AS INTELLECTUAL PROPERTY RIGHTS
INDUSTRY, MARKET AND COMPETITION
NAME OF THE INDUSTRY
DESCRIPTION OF THE CHARACTERISTICS OF THE INDUSTRY RETURNS, BARRIERS TO ENTRY, TRANSPORT, ETC. (IT IS ONLY IN UNUSUAL SECTORS)
DELINEATION OF THE TARGET REGION
DEFINITION OF THE MAIN TARGET GROUPS
DESCRIPTION OF THE MAIN TARGET GROUPS AND JUSTIFIES THE SELECTION OF TARGET GROUPS
DETERMINATION OF KEY COMPETITORS
DESCRIPTION OF TARGET REGIONS AND THE MAIN TARGET GROUPS OF ITS COMPETITORS
DESCRIPTION OF THE STRENGTHS AND WEAKNESSES OF THEIR COMPETITORS IN RELATION TO THEIR OWN STRENGTHS AND WEAKNESSES
POSSIBLE REACTIONS OF COMPETITORS IN ITS MARKET ENTRY
THE MARKET POTENTIAL IN THE TARGET REGION WITH CERTAIN MAJOR TARGET GROUPS
MARKETING & PR
PRICE INCLUDES: REASON OWN COSTS, PRICE COMPETITION, THE VALUE OF THEIR PERFORMANCE FROM THE CUSTOMER'S PERSPECTIVE
DESCRIPTION PRICING STRATEGY: SETTLEMENT VS. AFTER HOURS. PACKAGE PRICE, QUANTITY SCALES, REBATES, DISCOUNTS, PAYMENT TERMS, ETC...
DESCRIPTION OF YOUR SALES CHANNELS
EXPECTED REVENUE PER CHANNEL

PLANNED PROMOTIONAL ACTIVITIES
PLANNED SALES PROMOTION
PLANNED PR CAMPAIGN
SALES TARGETS FOR THE FIRST YEAR
MANAGEMENT AND ORGANIZATION
PRESENTATION MANAGEMENT-/GRÜNDERTEAMS
PROFESSIONAL SKILLS MANAGEMENT-/GRÜNDERTEAMS
COMMERCIAL SKILLS MANAGEMENT-/GRÜNDERTEAMS
SOLUTIONS FOR THE EMERGING DEFICIT IN TERMS OF TECHNICAL AND / OR BUSINESS SKILLS
THE DISTRIBUTION OF TASKS WITHIN THE TEAM
PLANNED ORGANIZATIONAL STRUCTURE OF THE COMPANY
PLANNED HIRING EMPLOYEES: EMPLOYEES WHO, WHEN AND FOR WHAT TASKS?
ANY DESCRIPTION OF THE TECHNICAL AND OTHER OFFICE INFRASTRUCTURE
THE PLANNED PURCHASE OF EXTERNAL SERVICES (EG IN THE FIELD OF ACCOUNTING AND CONTROL)
PROCUREMENT AND PRODUCTION
RAW MATERIALS ARE: WHAT AND WHY, HOW, WHERE, POSSIBLE RISKS IN THE SUPPLY, QUALITY RISKS?
IDENTIFICATION OF SIGNIFICANT SUPPLIERS: STOCKS PURCHASE VOLUME, THE POTENTIAL RISK, THE APPOINTMENT OF ALTERNATIVE SUPPLIERS, SUPPLY AND QUALITY ASSURANCE MEASURES?
DESCRIPTION OF THE MEANS OF PRODUCTION: MANUFACTURING, PRODUCTION, STARTING FROM WHEN REPLACEMENTS ARE TO MEET POSSIBLE FUTURE EXPANSION, AS EMPLOYEES ARE NECESSARY, STORAGE, CONTROL AND QUALITY ASSURANCE MEASURES?
DESCRIPTION OF CAPACITY: PRODUCTION CAPACITY, INCREASE CAPACITY AND REDUCE POSSIBLE?
IMPLEMENTATION OF THE PLAN
REPRESENTING THE MILESTONES OF YOUR BUSINESS: MILESTONES EXPECTED TO BE REACHED WHEN?
LET ALONE PROVIDES A GRAPHICAL REPRESENTATION OF AN EXAMPLE USING A NETWORK PLAN: HOW LONG WILL THE PROJECT ACTIVITIES THAT ARE PARTICULARLY IMPORTANT WHERE RISKS LURK?

OPPORTUNITIES AND RISKS
PRESENTATION FEATURES
TAKE A CHANCE ON YOUR STRENGTHS AND WEAKNESSES?
REPRESENTATION OF ENTERPRISE RISK
DESCRIPTION OF RISKS OUTSIDE THE COMPANY
TAKE A CHANCE ON THEIR OWN STRENGTHS AND WEAKNESSES?
PLANNED VORKEHRUNGS PROPHYLACTIC AND PREVENTIVE MEASURES
FINANCIAL PLANNING
PLANNING THE EXPECTED REVENUE
INVESTMENT AND FINANCIAL PLANNING
PLANNING EFFORT
ANY MINIMUM TURNOVER CALCULATION
PROJECTED PROFIT AND LOSS
CASH FLOW PLANNING AND DETAILED CASH FLOW FORECAST
ANY DECISION ON THE LEVEL OF SECURITY (OR CASH FLOW BREAK-EVEN THRESHOLD)
YOU CAN SEE THE PROJECTED BALANCE SHEET,
APPENDIX
BIOGRAPHIES OF SHAREHOLDERS
TECHNICAL DETAILS OF THE PRODUCT
COST ESTIMATES FOR THE PLANNED INVESTMENT
THE RESULTS OF MARKET RESEARCH AND SURVEYS
OTHER TABLES AND GRAPHS

3

Tables 3. Recommended content

Source: www.gruendungswissen.at

1. Overview & Executive Summary
Executive Summary
Vision
1.2. Mission and Main Goals

³<http://www.gruendungswissen.at/gruendungswissen/blog-post/2011/03/02/checkliste-inhalt-businessplan/>, [accessed 12.04.2013]

2. Current Situation
2.1. Background
2.2. Fundamental Research & Development Projects
2.3. Industry
2.4. A Health Problem
2.5. Legislative surrounding
2.6. Economic surrounding
2.7. SWOT Analysis
Strengths
Weakness
Opportunities
Threats
2.8. PEST Analysis
Political factors:
Economic factors:
Social factors:
Technological factors:
3. Marketing Plan
3.1. Market Analysis
3.2. Target market segment strategy
3.3. Matching Products/Services to Market
3.4. Customer Profiles:
4. Resource Requirements
4.1. HR Plan
4.2. Facilities Plan
4.3. Equipment Plan
4.4. Organizational Plan
4.5. Risk Analysis & Contingency plan
5. Financial Plan
5.1. Investment Requirements and Analysis
5.2. Profit and Loss Plan
5.3. Cash Flow Projection
6. Action Plan

Tables 4. Recommended content of business plan from World Bank

Source: Personal contact, Ph.D. Neven. Žarković, Ruđer Bošković Institute, Zagreb

As it is evident from the previous recommended content in Croatian and world examples we can conclude that the world examples contain at least some examples of the forms or the entire SWOT, PEST-LE and VMOST analysis.

2.2. Feasibility study

Various authors have given their definition of a feasibility study, and one definition is: "A feasibility study is an investigation into a proposed plan or project to determine whether and how it can be successfully and profitably carried out." (BUSINESS The Ultimate Resource, Various Contributors, Bloomsbury publishing, 2002, p.1244)

A feasibility study can be defined as a study which can help a project manager to examine different methods of achieving goals, or defining projects. A feasibility study is done before the business plan, before conducting any activities related to the achievement of business ideas. A feasibility study tells us that it is worthwhile to go into a business idea.

2.3. Financial data in the business plans and feasibility studies

At a time of general crisis and the lack of investment it is necessary to launch a new investment cycle, investments that will rouse the economy and start its recovery. Such investments require business plans and feasibility studies. The recommended content is often the most numerous financial data and projections. In times of crisis all the financial projections are short-term, and one can not predict their course with certainty. In addition to the basic financial statements, such as profit and loss account, balance sheet, and indicators such as liquidity, solvency,

⁴ Personal contact, Ph.D. Neven. Žarković, Ruđer Bošković Institute, Zagreb, Recommended content of the business plan from World Bank, contact was established 03.05.2013.

turnover coefficient, etc., we can also find the static and dynamic parameters.

Static data is usually described with the help of indicators:

Profitability

annual retained earnings / total investments
annual retained earnings + depreciation / total investment
total annual income / total investments
annual total (gross) income / total investments
annual clean (net) profit / total investments

Liquidity

Current liquidity = current assets / current liabilities
Current liquidity = cash + securities / current liabilities
Of liquidity = (current assets - inventories) / current liabilities
Average collection days = receivables / (sales revenue) / 360
Average payment days = Current liabilities - loans / total expenditures / 360

Financial stability

Level of coverage I = current assets / equity + long-term liabilities
The degree of coverage II = current assets / equity
Working capital = current assets - current liabilities

Leverage

Interest coverage ratio = gross profit + interest / interest
Debt ratio = total debt / total assets

Indebtedness

The gearing ratio = total liabilities / total assets
The degree of self-financing = equity / total assets
The gearing ratio = loan capital / equity
Leverage = total liabilities / (gross profit + depreciation)

Repayment of loans

The coefficient of interest coverage = (gross profit + interest) / interest
Cash flow to revenue = net cash flow / total income

Economy

pure (net) profit / total production costs

total (gross) profit / total production costs
Retained profit / total production costs
(Retained earnings + depreciation - annuities) / total production costs
total revenue / total expenditure

Profitability

return on assets = gross profit - Liabilities
return on equity = net profit / equity
profit margin = gross profit / revenue
Earnings per share = net profit / number of shares

Efficiency

annual clean (net) profit / total investment
annual total (gross) profit / total investment
loan capital / total investment
total investment / number of new employees
total annual income / investment in fixed assets
Investment in fixed assets / number of new employees
Investment in fixed assets / total investment
investment in permanent working capital / total investment
own funds / total investment

Activities

coefficient of short-term assets = total revenue / current assets
coefficient of total assets = total revenue / total assets
Capital turnover ratio = income / capital

Productivity

Annual

pure (net) profit / average number of employees
annual product / spent working hours
annual total (gross) income / average number of employees
index of physical volume of production / employment index
total investments / average number of employees
total annual income / average number of employees
total annual income / value of labour expended

Efficiency

pure (net) profit / own funds
pure (net) profit + depreciation / annuity loans
pure (net) profit + depreciation / total investment

total (gross) profit / number of employees
total (gross) profit / total investment
total (gross) profit / total income
total (gross) profit / own funds
Total income / number of employees
Total income / working capital
total revenue / total investment
own funds / total investment

Dynamic Indicators are commonly described using the following methods: Method Investment Rate of Return Method net present value method relative present value and internal rate of return method. Being in the field of financial insecurity and uncertainty of success of the project, it is necessary to further analyze the business plan or idea. One of the best ways to do that is with the help of SWOT, PEST-LE and VEMOST analysis.

3. WHY SWOT, PEST-LE AND VMOST ANALYSIS

To be able to better understand why you should include the SWOT, PEST-LE and VMOST analyses in business plans and feasibility studies, alongside the financial indicators, it is important to define them first.

3.1. SWOT analysis

SWOT analysis (an acronym of Eng. Strengths, weaknesses, opportunities, threats) is an analysis of environmental factors (opportunities and threats) and the characteristics of the company (strengths and weaknesses), which companies offers in the process of strategic planning.⁵

SWOT analysis is defined as an important analysis of the internal and external factors in a project or business venture. Internal factors are

⁵ Group of authors, (2011) Ekonomski leksikon, Leksikografski zavod Miroslav Krleža, Masmedia, Zagreb, p. 912

strengths and weaknesses. The comparison of internal forces describes the benefits of the company against others in the market, they describe their workforce skills and leadership, and how these forces can affect the success of the project. Strengths and weaknesses in the SWOT analysis do not include all the features of an enterprise, but only those that relate to the key success factors. Characteristics of the company over the competition when we talk about the internal factors may be technology, life cycle, financial power, location, culture, organization, development of distribution channels and the like. It is important that power is based on facts.

External factors make analysis capabilities, that is, opportunities and threats. Companies must have the ability to notice the major threats and opportunities faced, and the ability to predict important events that could affect the company itself. It is important to recognize a particular threat, because it should be noted that not every threat to the company is of the same meaning, and does not require identical attention. It is necessary for the company to focus on the most damaging threat and prepare tactics to overcome it. Much as the need to detect and respond to threats, it is also of great importance for the company to evaluate every opportunity, taking into account the objectives of the enterprise and the resources available. Development opportunities include certain risks, the company estimates when the opportunity should be taken into account to justify the expected profits and risks. Characteristics of the company over the competition when we talk about external factors may be demographic, political, economic, suppliers, buyers, brokers, competition and so on.

Strengths	Weaknesses
<ul style="list-style-type: none"> - The largest market share - A good company image - Good location and affordable range - Advanced production capabilities - Capable management - Built brand - Marketing Knowledge - Strong financial position 	<ul style="list-style-type: none"> - Lack of capital - Lack of strategic thinking - Neglected and outdated machines - High costs - Poor distribution - Poor marketing - Lack of knowledge and experience of employees - Unfavourable location - Substandard management
Opportunities	Threats
<ul style="list-style-type: none"> - High level of growth of existing markets - The emergence of new markets or segments - Dissemination activities working services for new groups of customers or the introduction of new products - Entering foreign markets 	<ul style="list-style-type: none"> - Reducing the growth of existing markets - Changes in consumer habits and needs - The emergence of the economic crisis - The entry of a new and strong competitor in the industry - The threat of foreign competitors - Unfavourable exchange rates and / or customs regulations that hamper exports

Tables 5. SWOT TABEL (Example 1)

Source: Made by authors

3.2. PEST-LE analysis

PESTL analysis (acronym of Eng. Political, economic, social / cultural, technological, legal / regulatory) is a political analysis of economic, social, technological and legal factors that may affect the company's business. It is carried out on the micro and macro level. Factors at the macro level are beyond the range and impact of companies, but they must be taken into account in formulating the company's strategy.

Factors at the micro level (competition, suppliers, distribution, customers, etc.) are related to local area businesses and the company may be partially affected by them

PESTL analysis helps strategic planners to isolate the environmental factors that the companies are most affected by. It is considered the input parameters for a SWOT analysis.⁶

Pest analysis of the company detects external factors affecting the company itself. External factors in the marketing environment can not be controlled but companies can monitor and make business decisions in response to changing external factors.

Elements associated with the Pest-le analysis are: demographic - economic environment, technological environment, political - legal environment, socio - cultural environment, Environmental (ecological) and Legal. Demographic environment is of great importance for the company, as a growing population also means a larger number of human needs to be met, the increase in demand for certain products and services. As the enterprise would have to make business decisions, it must also take into account the economic impacts, such as economic growth, inflation, exchange rates, price and quality of the workforce and the availability of capital and credit conditions.

Technological environment refers to the innovation and improvement of production processes (or services) that are associated with technological improvement. The technological factors can be classified gains and calculated savings resulting from economies of scale. Technological environment is rapidly changing, and it is of great importance for companies to follow all technological developments, and to establish whether technological changes affect their products and services.

Political - legal environment, the decisions of the company are strongly influenced by political events, which consist of the legal framework, government agencies that restrict companies as well as individuals.

Socio-cultural environment is important when making business decisions, the company must take into account the demographics of the society, the level of education, religion and customs. Companies must be aware of the cultural influences on decision making.

	description	influence	<i>Trend</i>
Political	The Ministry of Economy, the	strong	⇒

⁶ Group of authors, (2011) Ekonomski leksikon, Leksikografski zavod Miroslav Krleža, Masmedia, Zagreb, p. 659

	Agency for the Protection of Competition, the State Inspectorate		
Economic	Economic trends, a period of prosperity, a period of recession.	strong	↗
Social	Social trends, lifestyle changes, changes in purchasing power.	strong	↗
Technology	Network systems, internet marketing, promotion, advertising	mediocre	↔
Legal	Laws, consumer protection	weak	↔
Environment	Environmental protection, certificates.	weak	↘

Tables 6. PEST-LE TABEL (Example 2)

Source: Made by authors

3.3. VMOST analysis

When talking about the importance and value, VMOST analysis refers to its significance, both for owners and management, and the workers of enterprises. VMOST analysis analyzes the basic business guidelines in the short and long lifetime or cycle businesses. While the vision, mission and goals do not change every day, the strategies and tactics can be changed more often, depending on the impact on business.

VMOST analysis methodology (tool box) by which discusses business Strategy umbrella organization in the sense of:

- Analysis of the existing business strategy
- Decommissioning existing
- The creation of new

Conducted bi-directional:

TOP-DOWN and BOTTOM-UP

(To be adopted as a philosophy or model, rather than the name)

Vision: short, inspiring, future-oriented (with or without time periods) and generally without guidelines on how to get there

Mission: usually answers the question what is the meaning of, and where we work, who are our stakeholders, trying to guide the organization and a sense of priorities

Objectives: must be SMART-oriented: S (specific), M (measurable), A (achievable), R (realistic) and T (time). Also they have to be placed in the planning process and related activities, but they are focused on results.

Strategy:

strategy is a long-term action plan or idea executed in order to achieve one or more of the objectives, in support of the mission and-or vision.

Tactics:

lower level of organizing activities with defined resources, indicators, targets, time dimension of the project realization, marketing campaigns, etc.

- Harmonized
- balanced
- communicated

Example 3:

Made by authors

Vision

Successful business created on the basic principles in order to create a satisfied customer, orientation to meet their needs, preferences and desires.

Mission

Become the most important concessionaire in selling vehicles, to provide all necessary resources for the best performance of the company in order to identify and meet your needs and to become a successful company.

Objectives (goals)

1. increase new car sales by 8% in the next year
2. reduce the number of complaints on the service by 20% in the next year
3. faster collection of receivables (decrease DVK-day bond buyers)
4. extend deferred payment for delivered vehicles to 30 days from the date of delivery vehicles
5. development of a marketing plan for cars that are coming to our market
6. recruit new, highly educated people

Strategies

1. market research and external environment in order to achieve better sales,
2. better organization of the company in such a way that the right people are doing the jobs that match their skills and capabilities,
3. analysis of performance in order to increase the efficiency

4. new marketing moves to create a better image of the company

Tactics

1. satisfaction survey of new car buyers and customers of completed service vehicles
2. further education reseller various seminars
3. advertisements in newspapers
4. preparation of promotional materials for a performance at the Zagreb Fair

4 CONCLUSION

In countries with developed markets it is impossible to survive without careful planning and preparation of business plans and feasibility studies. We are witnessing the great recession and the collapse of a large number of enterprises. One of the important reasons is the lack of practice of writing business plans and feasibility studies. It is known that the projection of Finance at the present time is a thankless job, and its results often questionable, so it is necessary to prepare additional analyses such as SWOT, PEST (LE) and VMOST analysis along the financial analysis. Contents of business plans must include the financial analysis, however, it is of great importance to feature also the SWOT, PEST (LE) and VMOST analyses. We believe that all stated studies examine the environment in which the company operates and allow comparisons with the competition. At a time of general crisis and the lack of investment it is necessary to launch a new investment cycle, investments that will rouse the economy and start its recovery. Such investments require business plans and feasibility studies. The recommended content is often the most numerous financial data and projections. In times of crisis all the financial projections are short-term, and one can not predict their course with certainty. In addition to the basic financial statements, such as profit and loss account, balance sheet, and indicators such as liquidity, solvency, turnover coefficient, etc., we can also find the static and dynamic parameters. A business plan is of great importance for every company, both for those companies that are just entering the business, and for those companies that expand business. It serves as a guideline to companies in business because it allows to solve problems in the future by using a variety of models and evaluation of the expected effects.

There is no success without planning!

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