



USAID
FROM THE AMERICAN PEOPLE

SUPPORTING THE DEVELOPMENT OF BUSINESS PLANS FOR THE MEMBERS OF THE ARCHITECTURAL AND ENGINEERING BUSINESS COUNCIL

A Summary Report

December 31, 2008

This publication was produced for review by the United States Agency for International Development. It was prepared by Shereen Abbadi and Nadia Naber from Al Jidara

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A SUMMARY REPORT

USAID JORDAN ECONOMIC DEVELOPMENT PROGRAM

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BEARINGPOINT, INC.

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AL JIDARA

DELIVERABLE NO.: 6.6.5.A.3.24.9/10 PROVIDE
SUPPORT TO MEMBERS OF A/E BC FOR
DEVELOPING THEIR BUSINESS PLANS

DISCLAIMER:

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INTRODUCTION

SECTOR BACKGROUND

The Engineering and Architecture Consultancy Services (A&E services) sector is one of Jordan's fastest growing service industries. It forms a gross output of US\$98.9 million or 1% of Jordan's GDP. The current number of A/E offices in Jordan is 1,178. The sector has experienced continuous growth throughout the past 10 years with an average growth of 10% over the past four years.

The sector exports knowledge intensive services to over 30 countries; since more than 1% of Jordan's population is registered engineers, this sector has the potential to contribute significantly to the country's economic growth in the coming years. The sector export markets are namely the Gulf, Sudan, Libya, and other African countries, in addition to Central and South Eastern Asia.¹

The Architectural and Engineering Business Council was established in 2005 as the A/E Forum and was part of a team that presented a sector strategic plan, which was incorporated into Jordan Vision 2020. The Forum was further developed to its current status as a Business Council and developed its internal structure and clear membership criteria. The Council has also identified the member's priority needs for further organizational development in developing their strategic planning practices.

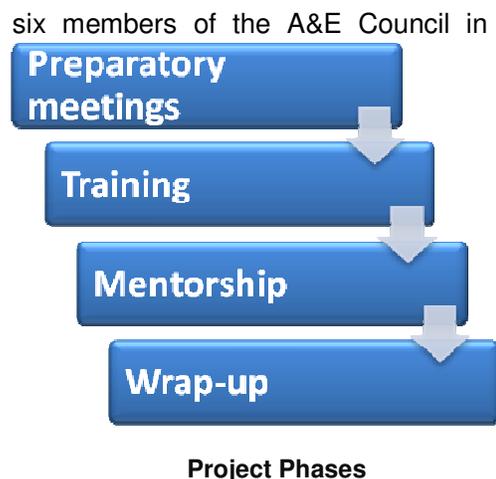
The Architectural and Engineering sector is one of SABEQ's priority sectors, and as the development of strategic planning practices among sector's companies was identified as a priority need, SABEQ decided to support the development of business plans for eight members of the A&E Council. The assignment was designed in cooperation with the A&E Council utilizing training and mentorship to ensure knowledge transfer to beneficiaries and enhance their strategic thinking abilities.

OBJECTIVES AND ACTIVITIES

The objective of this assignment was supporting six members of the A&E Council in developing their strategic business plans through training and mentorship. The beneficiaries were provided with advice to support initiating strategic thinking for their businesses and tools to define their strategic direction and develop a strategic plan.

The assignment was implemented within the following main phases:

1. Preparatory meetings, one-to-one meetings with management teams of the



¹ Sector information obtained from A&E Sector Profile-2007-SABEQ

six beneficiary companies.

2. Training: a three-day training course covering strategic planning and an introductory workshop to financial analysis tools.
3. Mentorship including one-to-one mentorship on financial analysis and one-to-one mentorship for the development of the strategic business plan.
4. Wrap-up: a session designed to capture the success stories and lessons learned through-out the project.

The A&E beneficiary companies that participated in the training and mentorship program are:

1. Faris Bagaeen Architects
2. Faris & Faris architects
3. Engicon
4. ECO-Consult Development & Business Consulting
5. Design Associates & Research Bureau
6. BAHA Consultant Engineering

PROJECT PHASES

PREPARATORY MEETINGS

One-to-one meetings with the six beneficiary firms took place using a predetermined set of questions. The preparatory meetings were conducted to obtain a better understanding of the organizational status of beneficiary companies covering the following areas:

- General company information; services, affiliations and major projects,
- Major stakeholders; shareholder(s), clients, partners, competitors,
- Work volume; targeted markets, market share, growth, profit trends and key performance indicators,
- Organization and staff; number of staff, organizational structure and human resources profile,
- Information Technology; use of IT systems, IT infrastructure and website,
- Management and planning; subcontracting, consortiums, management systems, plans and planning capability, business development and project management,
- Challenges and strengths; internal weaknesses and strengths, external opportunities and challenges.

The meeting also captured the expectations of the beneficiary companies from the mentorship assignment and initiated the formation of planning teams.

TRAINING

Based on one-to-one meetings with the six beneficiaries, a three-day training program was designed and delivered by the consulting team. The first two days covered strategic planning topics including the main strategic thinking knowledge areas, strategic planning process, strategic planning fundamentals and components. The training also included a case study and exercise sheets for every step of the strategic planning process.

The third day introduced the participants to financial analysis concepts and main financial indicators for A&E companies. A financial analysis tool specially developed for the A&E companies was also introduced.

MENTORSHIP

Each company was provided with mentorship support to develop a strategic business plan. The consulting team prepared an overall approach to the mentorship phase. In cooperation with the companies' management, the overall approach was used to develop individual company plans identifying the milestones expected from each company. The mentorship plans were also shared with the A&E Council. Each consultant was assigned as a mentor for three companies. The companies also received mentorship in financial analysis using the financial analysis tools. A session was conducted with the financial analysis consultant to reflect on the results of the financial analysis.

A minimum of six sessions took place between the consultant and each of the beneficiary firms. In each session, the consultant assisted the companies in preparation for the milestone by asking critical questions, providing tools, assistance and clarifying the tasks the company needs to accomplish in order to meet the milestone. Each step of the strategic planning process was supported by the exercise templates that were used in the training course.

Progress in developing strategic plans in beneficiary companies varied depending on the dedication of each company in terms of time and effort allocated to strategic planning activities. Some companies managed to prepare complete and full fledged business plans while others still need to finalize certain components of their plans. All companies learned tools to help them define their strategic direction.

The section on success stories and lessons learned, as identified by the companies and the consulting team, sheds more light on this phase.

WRAP-UP: SUCCESS STORIES AND LESSONS LEARNED

A group wrap-up session was designed and facilitated by the consulting team to capture the success stories and lessons learned by the companies' through-out this assignment. In total five companies participated in the session.

SUCCESS STORIES OF THE BENEFICIARY COMPANIES

During the wrap-up session, each company identified its main success story and presented it to the participants; they also answered related questions raised by the other participants. The success stories identified by the companies are summarized below:

Faris Bagaeen Architects

We now have a clear vision for organizational development. Going through the strategic planning process, including the SWOT and financial analysis, we realized that we have the right variables to succeed; we only needed a road-map. Our previous strategic thoughts are now clarified in a clear vision for the future: business development and expansion and improvement of HR policy. We now have a clear and useful financial analysis and financial plan. By having all the components of our strategic business plan completed, we are ready to implement it starting from January 2009.

Engicon

Our strategic business plan fits in perfectly with our new organizational structure. Engicon's strategic direction is now documented and shared with more people in our organization. The staff who were promoted to key management positions are now aware of our strategic direction and have clear targets to achieve. Our strategic key performance indicators are guiding our organization.

ECO-Consult Development & Business Consulting

Focused offering to targeted clients. As a result of the service and market segment analysis, our staff has a better understanding of our business and the services that we provide. Although we are now developing an organizational framework to address strategy implementation, we initiated action on three of our strategic options.

Design Associates & Research Bureau - Darb

The strategic business plan formed a new direction for DARB. It also forms a good basis for future development. Based on the clearer assessment we conducted of our current situation, we were able to establish our new strategic direction and identify our strategic targets. The strategic planning process enhanced internal communication and ability to follow-up on strategic priorities.

BAHA Consultant Engineering

We now have a clear vision for the future. Using the SWOT analysis enabled us to clearly identify our strengths and weaknesses. Consequently we defined internal initiatives to enhance our competitiveness. We also developed performance monitoring tools to ensure that we are on track. Currently our strategy is discussed regularly in the Board of Directors meetings. We improved our financial analysis techniques and we are focusing on important customer segments. We clearly know what we want to do.

LESSONS LEARNED IDENTIFIED BY THE BENEFICIARY COMPANIES

During the wrap-up session the participants worked in groups to identify lessons learned under four main categories: the training phase, the mentorship phase, the involvement of the A&E Council and the companies' roles. The results were presented and further discussed with the participants. Below are the main lessons learned identified by the beneficiary companies:

1. Training phase:

- The introduction of planning tools and templates through the case study and the related exercises was very useful. It simplified the development of the strategic business plan during the mentorship phase.
- Combining the strategic planning training and the financial analysis orientation was beneficial. It clarified the link between the two and improved the financial analysis and financial planning phases of the strategic planning process.
- Participation of all members of the planning teams improved the quality of the resulting business plans. It also improved the teams' ability to think together.
- The training was an excellent introduction to the members of the planning teams, especially those who never addressed management topics. It also increased their "buy-in".
- Training content could be further enhanced using more sector related case studies.

2. The mentorship phase (financial and strategic planning):

- The focus of the mentorship was the strategic planning process and not the industry/market knowledge. Industry expertise voice could be included by organizing industry knowledge sessions led by industry experts. The A&E Business Council can arrange and conduct such sessions.
- The sessions plan was very useful to schedule the sessions and clarify the tasks of the planning team between the sessions. The sessions schedule was tight as well, yet it was very useful to increase the momentum of the planning teams and ensure that the strategic business plan is finalized before the end of the year.
- The introduction of financial analysis tools fits nicely with the strategic planning training and the timing of the financial analysis sessions (during situation analysis) was excellent.

- The financial analysis tool was easy to use and it was provided to the companies in an excel sheet format which was very helpful.
3. The involvement of the A&E Council
- The A&E Business Council provided support and encouragement to members which assisted the companies in meeting their goals by developing their strategic business plans before the end of the year.
 - The A&E Business Council played a vital role as a sponsor for the project, issues were raised to and handled by it.
 - The A&E Business Council supported all logistical arrangements needed throughout the project.
 - The role of the A&E Business Council could be improved by arranging knowledge sharing sessions and provision of market intelligence information.
4. Companies Role:
- Involvement of the executive management in the strategic business plan development was excellent. It ensured that the developed plans are in line with the visions of top management.
 - Involving several key employees members in the planning team assisted in changing their orientation and concentration from technical matters to business and management matters.
 - Involving several key employees' in the planning team and the development of the plan improved its quality. Involving the organization's leader was very important to enhance momentum and provide the needed drive to go through the full planning cycle.
 - The companies that involved potential leaders benefited from their input and increased their sense of loyalty to the company.

SUCCESS STORIES AND LESSONS LEARNED IDENTIFIED BY THE CONSULTING TEAM

LESSONS LEARNED

1. The companies that have benefited the most were those that devoted more management attention and quality time. Also the companies that involved a small team in the planning process did better in progressing towards a meaningful output than when only the one person was involved. The issue was that some companies were still not ready yet to share strategic information with their employees.
2. The companies' management must commit to allocating time on a weekly basis for the meetings with the consultant, in addition to allocating internal time to work on the tasks required in between the meetings.

SUCCESS STORIES

1. Progress in developing strategic plans in beneficiary companies varied depending on the dedication of each company in terms of time and effort allocated to strategic planning activities. Some companies managed to prepare complete and full fledged business plans while others need to finalize certain parts of plans. Yet, all companies succeeded in developing 'thinking tools' that helped them in driving towards new decisions - One of the tools was the financial analysis and the strategic mapping of segments. The companies therefore are more likely to use their business plan as a management tool, rather than to treat it as document and a documentary process.
2. The business planning process helped some companies create linkages between their objectives (such as target profitability and market aspirations), and their actual operating market practice. Identifying those linkages helped de-mystify the way towards achieving strategic objectives.
3. Introducing the principle of the multiplier helps provide the companies with benchmarks and KPIs that are used internationally. They were therefore useful not only as a planning tool for the companies but also as a means to compare with international companies.
4. Incorporating financial planning into the strategic planning process enabled the companies to realize the importance of investing in internal improvement initiatives and the expected return on this investment.
5. The companies went through a full cycle of strategic planning. They could benefit from further support to the implementation of their initiatives' action plans. Enabling the implementation of those initiatives will assist the companies into realizing their strategic goals. They can also benefit from training sessions to introduce them to tools and practices needed to modify and improve their plans and formalize their strategic planning process. Additionally, management related training could be very useful for senior and mid-level management of those companies.

APPENDIX 1

THE AGENDA OF THE TRAINING PROGRAM

Day 1

| | |
|---------------|---------------------------------------|
| 10:00 – 10:15 | Introduction |
| 10:15 – 11:00 | The Scene |
| 11:00 – 12:00 | The Process |
| 12:00 – 12:15 | Break |
| 12:15- 2:00 | Fundamentals, Components and Exercise |
| 2:00 – 2:15 | Break |
| 2:15 – 4:00 | Fundamentals, Components and Exercise |

Day 2

| | |
|---------------|---------------------------------------|
| 10:00 – 12:00 | Fundamentals, Components and Exercise |
| 12:00 – 12:15 | Break |
| 12:15- 2:00 | Fundamentals, Components and Exercise |
| 2:00 – 2:15 | Break |
| 2:15 – 4:00 | Fundamentals, Components and Exercise |

Day 3

| | |
|---------------|-------------------------|
| 10:00 – 12:00 | Financial KPIs |
| 12:00 – 12:15 | Break |
| 12:15- 2:00 | Financial Analysis Tool |
| 2:00 – 2:15 | Break |
| 2:15 – 4:00 | Financial Analysis Tool |

APPENDIX 2

STRATEGIC PLANNING TRAINING MATERIAL

A&E Business Planning Workshop

Jordan Construction Supplies

Case Study

Jordan Construction Supplies JCS is a small company specialized in the distribution of construction materials, decorative materials and tools. JCS operates from a small shop in Kalda and owns a large warehouse in Mugabaleen. JCS provides its services to construction companies; those who build commercial building, middle class residential building and luxurious villas. Constructors of villas only approach JCS for their exclusive selection of decorative materials.

Due to the construction boom in Jordan, Hassan –the owner and manager of JCS- noticed that although the demand on the services of JCS is large, the customers are not satisfied. Thinking of that, Hassan concluded that different customers require different types of products and services, thus JCS has to obtain, store and deliver a wide range of variable products. This imposed large costs of obtaining materials and storing them, not to mention the difficulty of managing the stock.

Additionally, customers are more demanding than before. They require fast delivery. Commercial construction builders require large quantities and want to receive their orders right from the first time. On the other hand, luxurious villas constructors are requesting more options of decorative materials with varied colors and styles. Constructors of middle class residents request smaller quantities on spanned time intervals, and are usually less demanding when it comes to delivery time and options.

Hassan also noticed that new competitors are growing fast.

JCS has 10 employees, 7 of which work in the warehouse. Warehouse staff is in charge of loading the supplies. Hassan and two of his staff work in Kalda shop as orders receivers and collectors, they receive orders by phone and fax, and collect money in cash.

Hassan is involved in the daily work and he is the one who orders the tools and materials from local, regional and international producers. He uses his sense to decide which materials to order, most of the times the available space in the warehouse and producers' terms control the quantities of materials he orders.

When orders are received, the order receivers call the warehouse to check the availability of requested materials and tools and their quantities. In 60% of the cases it requires 1-2 working days to get a reply on availability of requested materials and tools and their quantities.

JCS rents delivery vehicles on daily basis, based on the quantities and types of supplies requested. Small delivery vehicles are available and easy to rent. Yet, large vehicles are difficult to acquire. When large vehicles are required or special handling is needed, 50% of requests are delayed due to the lack of proper vehicle.

JCS warehouse is located near a main road and is easily accessible. Loading of vehicles is done manually by the warehouse staff. When special handling is needed, or large requests are being loaded, Hassan usually leaves the shop and supervises the loading himself.

JCS possesses a long experience in the market. Hassan's knowledge of the demand and relations with the producers enables him to obtain the latest styles and products mainly in decorative materials. Recently, a producer specialized in commercial buildings decorative materials (mainly for hotels), offered Hassan a new line of premium decorative materials. Hassan knows that the tourism industry is growing at a fast pace, he wants to make use of the opportunity, yet he is not sure how to go about it.

Hassan decided to study the past performance of JCS. He started with the accounting books. He found out that the following:

- Revenue of construction materials was distributed equally between commercial and middle class residential in 2003. It grew steadily over the past five years at a rate of 30% for residential and 40% for commercial. Revenue of construction materials was JD 600,000 in 2003.
- Revenue of other services provided for market segments is distributed as follows:

| Revenues | 2003 | 2004 | 2005 | 2006 | 2007 |
|--------------------------|--------|--------|---------|---------|---------|
| Tools for commercial | 70,000 | 84,000 | 100,800 | 120,960 | 145,152 |
| Tools for MC residential | 30,000 | 36,000 | 43,200 | 51,840 | 62,208 |
| Decorative Materials | 50,000 | 75,000 | 112,500 | 168,750 | 253,125 |

- Costs could be categorized under four main items: salaries, rental of vehicles, costs of supplies, “utilities, administrative and others”. Costs over the past five years were distributed as follows:

| | 2003 | 2004 | 2005 | 2006 | 2007 |
|--------------------------------------|---------|---------|-----------|-----------|-----------|
| Salaries | 40,000 | 40,000 | 48,000 | 56,000 | 60,000 |
| Rentals of Vehicles | 10,000 | 16,000 | 22,000 | 28,000 | 34,000 |
| Costs of supplies | 600,000 | 800,000 | 1,000,000 | 1,400,000 | 2,100,000 |
| Utilities, administrative and others | 10,000 | 12,000 | 16,000 | 18,000 | 18,000 |

Hassan decided to study the market segment of hotel construction materials and he noticed the following:

- There is a great prospect to the market segment, market size increased at 100% last year and expected to grow at a minimum of 50% per year.
- Due to lack of providers, hotel constructors are importing construction materials for their purposes.

Hassan decided to think of the future, what are the financial projections of JCS for the coming three years:

- The market segment of construction materials is expected to grow steadily over the coming three years.
- As advanced construction techniques are being introduced, the market segment of construction tools is expected to drop down by 30%.
- The market segment of decorative materials for villas is expected to grow steadily.
- The market segment of decorative materials of hotels is expected to grow at 50% annually. If Hassan is to enter the market, he should target a revenue of JD500,000 in 2008 which would cost him JD400,000.
- Costs increases rates are 10% in salaries, 20% in transportation, utilities by 15%, import prices are expected to increase by around 15%.

Exercise 1:

SWOT Analysis Template Please note that these criteria examples relate to assessing a new business venture or proposition. Many listed criteria can apply to other quadrants, and the examples are not exhaustive. You should identify and use any other criteria that are appropriate to your situation.

| | | | |
|---|-----------------------------|--------------------------|---|
| <p>CRITERIA EXAMPLES</p> <ul style="list-style-type: none"> Advantages of proposition? Capabilities? Competitive advantages? USP's (unique selling points)? Resources, Assets, People? Experience, knowledge, data? Financial reserves, likely returns? Marketing - reach, distribution, awareness? Innovative aspects? Location and geographical? Price, value, quality? Accreditations, qualifications, certifications? Processes, systems, IT, communications? Cultural, attitudinal, behavioural? Management cover, succession? Philosophy and values? | <p>STRENGTHS</p> | <p>WEAKNESSES</p> | <p>CRITERIA EXAMPLES</p> <ul style="list-style-type: none"> Disadvantages of proposition? Gaps in capabilities? Lack of competitive strength? Reputation, presence and reach? Financials? Own known vulnerabilities? Timescales, deadlines and pressures? Cashflow, start-up cash-drain? Continuity, supply chain robustness? Effects on core activities, distraction? Reliability of data, plan predictability? Morale, commitment, leadership? Accreditations, etc? Processes and systems, etc? Management cover, succession? |
| <p>CRITERIA EXAMPLES</p> <ul style="list-style-type: none"> Market developments? Competitors' vulnerabilities? Industry or lifestyle trends? Technology development and innovation? Global influences? New markets, vertical, horizontal? Niche target markets? Geographical, export, import? New USP's? Tactics: eg, surprise, major contracts? Business and product development? Information and research? Partnerships, agencies, distribution? Volumes, production, economies? Seasonal, weather, fashion influences? | <p>OPPORTUNITIES</p> | <p>THREATS</p> | <p>CRITERIA EXAMPLES</p> <ul style="list-style-type: none"> Political effects? Legislative effects? Environmental effects? IT developments? Competitor intentions - various? Market demand? New technologies, services, ideas? Vital contracts and partners? Sustaining internal capabilities? Obstacles faced? Insurmountable weaknesses? Loss of key staff? Sustainable financial backing? Economy - home, abroad? Seasonality, weather effects? |

Exercise 2 Services-Market Segments Matrix

A. Identify the services of JCS; think of what services JCS provides to its customers:

1.
2.
3.
4.
5.
6.

B. Define JCS customers, group them into market segments:

1.
2.
3.
4.
5.

C. Map the services JCS provides to the market segments;

| | | Services | | | | |
|-----------------|--|----------|--|--|--|--|
| | | | | | | |
| Market Segments | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |

Exercise 3 Financial Status

A. Go back to JCS financial information available in accounting books and financial statements and fill the table below:

| | 2003 | 2004 | 2005 | 2006 | 2007 |
|--|------|------|------|------|------|
| Revenue | | | | | |
| Revenue from Market Segment x/ Service x | | | | | |
| Revenue from Market Segment x/ Service x | | | | | |
| Revenue from Market Segment x/ Service x | | | | | |
| Revenue from Market Segment x/ Service x | | | | | |
| Revenue from Market Segment x/ Service x | | | | | |
| Total Revenue | | | | | |
| Costs | | | | | |
| Cost item 1 (e.g. supplies, salaries, utilities, admin...) | | | | | |
| Cost item 2 | | | | | |
| Cost item 3 | | | | | |
| Cost item 4 | | | | | |
| Total Costs | | | | | |
| Profit | | | | | |

B. Using the financial information of the past five years, find out the revenue growth rate of each segment/service and growth rate in net profit:

| | Market Segment/service | Past Growth Rate (%) in Revenue | | | |
|-------------------|------------------------|---------------------------------|------|------|------|
| | | 2004 | 2005 | 2006 | 2007 |
| 1 | | | | | |
| 2 | | | | | |
| 3 | | | | | |
| 4 | | | | | |
| 5 | | | | | |
| Net Profit growth | | | | | |

Exercise 4
Vision and Mission Sheet

- D. Define JCS planning period: 3 Years (By 2011)
or 5 Years (By 2013)
- E. Define what products or service JCS wants to be providing by the end of the planning period:
- a. Product/service 1:.....
 - b. Product/service 2:.....
 - c. Product/service 3:.....
- F. Define the markets JCS wants to be serving by the end of the planning period:
- a. Market 1:.....
 - b. Market 2:.....
 - c. Market 3:.....
- G. Consider other attributes to the vision like; future products, markets, customers, processes, location, staffing
- H. Compile JCS vision statement :

By the end of (planning period) our company will be providing (service 1, service 2, service 3) to (market 1, market 2, market 3) and achieving a growth of

- I. Compile mission statement:

What business is/does
Primary products/services
Key processes & technologies
Main customer groups
Primary markets/segments
Principal channels/outlets

Example:

X Corp. designs, develops, assembles and markets systems for data base management. These systems integrate its proprietary operating system software with hardware supplied by major manufacturers, and are sold to small, medium and large-sized companies for a range of business applications. Its systems are distinguished by a sophisticated operating system, which permits use without trained data-processing personnel.

Exercise 5
Financial Projections-Stage 1

- C. Based on the past growth rates, project the revenues expected for the coming five years,
- D. Based on past increases of costs, project the costs of the coming five years.
- E. List all assumptions used to estimate revenues or costs of the coming five years.

| | 2009 | 2010 | 2011 | 2012 | 2013 |
|----------------------------------|------|------|------|------|------|
| Revenue | | | | | |
| Revenue from segment x/service x | | | | | |
| Revenue from segment x/service x | | | | | |
| Revenue from segment x/service x | | | | | |
| Revenue from segment x/service x | | | | | |
| Revenue from segment x/service x | | | | | |
| Revenue from segment x/service x | | | | | |
| Total Revenue | | | | | |
| Costs | | | | | |
| Cost item 1 | | | | | |
| Cost item 2 | | | | | |
| Cost item 3 | | | | | |
| Cost item 4 | | | | | |
| Total Costs | | | | | |
| Profit | | | | | |

Financial Projections-Stage 2

Based on the projections of stage 1 think of the following and amend the estimates accordingly:

- F. Growth rates of markets segments: do you expect the markets segments to grow at the same rate,
- G. Market segments; which segments your company will be serving in the future, add other market segments that you are targeting,
- H. Reconsider the expected increases in costs, external risks (economic, political, legal) and amend accordingly,
- I. Document any financial assumptions

| | 2009 | 2010 | 2011 | 2012 | 2013 |
|----------------------------------|------|------|------|------|------|
| Revenue | | | | | |
| Revenue from segment x/service x | | | | | |
| Revenue from segment x/service x | | | | | |
| Revenue from segment x/service x | | | | | |
| Revenue from segment x/service x | | | | | |
| Revenue from segment x/service x | | | | | |
| Revenue from segment x/service x | | | | | |
| Total Revenue | | | | | |
| Costs | | | | | |
| Cost item 1 | | | | | |
| Cost item 2 | | | | | |
| Cost item 3 | | | | | |
| Cost item 4 | | | | | |
| Total Costs | | | | | |
| Profit | | | | | |

Exercise 6
Goals and Strategic Objectives Sheet

J. Define JCS Goals; Remember to covers growth, profitability, technology, offerings and markets, organization

- 1.....
- 2.....
- 3.....
- 4.....
- 5.....

K. For each Goal define JCS Strategic Objectives; Remember SMART, include targets

Goal1

- 1.....
- 2.....
- 3.....
- 4.....
- 5.....

Goal 2

- 1.....
- 2.....
- 3.....
- 4.....
- 5.....

Goal 3

- 1.....
- 2.....
- 3.....
- 4.....
- 5.....

Goal 4

- 1.....
- 2.....
- 3.....
- 4.....
- 5.....

Goal 5

- 1.....
- 2.....
- 3.....
- 4.....
- 5.....

L. Prioritize the Strategic Objectives with High, Medium, Low depending on their impact in helping achieve the relevant Goal/Goals

Exercise 7

| KPI Card | | | |
|------------------------------------|--|------------------|------------------|
| KPI Name: | <i>Insert the name of the KPI</i> | | |
| KPI Description: | <i>Define the KPI by providing a description about it.</i> | | |
| KPI Measurement Unit: | <i>Define the measurement unit, no. %, ratio, \$,</i> | | |
| KPI Formula: | <i>Define the formula that will be used to calculate the indicator.</i> | | |
| Data Sources: | <i>Define the data sources for the variables of the KPI formula</i> | | |
| KPI Baseline | <i>Define the current value of the indicator</i> | | |
| KPI Target Value: | Period 1: <i>Insert the planning period</i> | Period 2: | Period 3: |
| | <i>Insert the target value for the planning period.</i> | | |
| Measurement Frequency: | <i>Define the frequency of measuring the KPI, e.g. Monthly, quarterly, semi-annually ...</i> | | |
| Measurement Responsibility: | <i>Specify the person in charge of measuring this KPI.</i> | | |
| Reporting Frequency: | <i>Define the frequency of reporting the KPI, e.g. Monthly, quarterly, semi-annually ...</i> | | |
| Reported to: | <i>Specify the person who will receive KPI actual values.</i> | | |

Exercise 8 Operational Plan Sheet

This sheet can be used to help you clarify JCSs operational plan, use this sheet as follows:

| Objective | Initiative/Project/Program/Deliverable | Main Milestone/ Targets | Resources | | Delivery Deadline |
|-----------|--|-------------------------|-----------|----|-------------------|
| | | | Budget | HR | |
| | | | | | |
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APPENDIX 3

FINANCIAL ANALYSIS ORIENTATION SLIDES AND ANALYSIS TOOL

Portfolio Profitability Analysis

My Company's Name?

Worksheet Instructions: Please replace the **BLUE** cells only with real numbers. The **Black** cells are formulae, they will calculate automatically.

| | Year? | |
|--|---------|----------------|
| Total Net Revenue <i>Excluding sub consultants and direct project costs</i> | 0 | <i>Formula</i> |
| Projects Direct Expenses | ? | <i>Input</i> |
| Total Direct Labor (on projects) | 0 | <i>Formula</i> |
| Total Overheads | ? | <i>Input</i> |
| Total Operating Profit | #DIV/0! | <i>Formula</i> |
| Profit Margin | #DIV/0! | <i>Formula</i> |
| Overhead Rate | #VALUE! | <i>Formula</i> |
| Break Even Multiplier | #VALUE! | <i>Formula</i> |
| Actual Billing Multiplier | #DIV/0! | <i>Formula</i> |

| | | |
|--|---------|---------|
| Billing Multiplier Margin (excess over Break Even Multiplier) | #DIV/0! | Formula |
|--|---------|---------|

| Profitability Scenarios | Break Even Multiplier | Target Profit % | Target Billing Multiplier | Target Profit % | Target Billing Multiplier | Target Profit % | Target Billing Multiplier |
|-------------------------|-----------------------|-----------------|---------------------------|-----------------|---------------------------|-----------------|---------------------------|
| Your Company | #VALUE! | 20% | #VALUE! | 25% | #VALUE! | 13% | #VALUE! |

| | |
|---------------------------|---|
| Overhead Expenses | Rent, general and administrative expenses, marketing and promotional expenses, indirect labor (uncharged labour including management) |
| Direct Project Costs | Direct costs related to projects only: consultants, printing, travel, but NOT direct labour |
| Total Net revenue | Total revenue - all direct expenses (consultants, printing, testing, travel - everything related to the project EXCEPT labour |
| Actual billing multiplier | Net Revenue / Direct labour charged |
| Overhead rate | all overhead expenses / direct labour charged important note: overhead expenses <u>includes</u> indirect labor (not charged) but <u>excludes</u> direct labor (charged to projects) |
| Operating Profit | Net Revenue - Overhead Expenses - Direct Labour |
| Profit Margin | 1 - (Break Even Multiplier / Actual Multiplier) |

| | | Year(s) : | | | | | | | | | |
|-------------------------|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---------|---|---------|
| | | Service Type 1 | Service Type 2 | Service Type 3 | Service Type 4 | Service Type 5 | Service Type 6 | Service Type 7 | | | |
| Client segment 1 | Net Revenue | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | Total Revenue | #DIV/0! |
| | Direct Labour | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | Total Direct Labour | |
| | Actual billing multiplier | #DIV/0! | #DIV/0! | Billing Multiplier | |
| | Operating Profit | #VALUE! | #DIV/0! | Total Operating Profit | #DIV/0! |
| | Billing Multiplier Margin (excess over B/E) | #DIV/0! | #DIV/0! | Billing Multiplier Margin (excess over B/E) | |
| Client segment 2 | Net Revenue | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | Total Revenue | #DIV/0! |
| | Direct Labour | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | Total Direct Labour | |
| | Actual billing multiplier | #DIV/0! | #DIV/0! | Billing Multiplier | |
| | Operating Profit | #VALUE! | #DIV/0! | Total Operating Profit | #DIV/0! |
| | Billing Multiplier Margin (excess over B/E) | #DIV/0! | #DIV/0! | Billing Multiplier Margin (excess over B/E) | |

| | | | | | | | | | | | |
|-------------------------|---|---------|---------|---------|---------|---------|---------|---------|---------|---|---------|
| Client segment 3 | Net Revenue | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | Total Revenue | #DIV/0! |
| | Direct Labour | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | Total Direct Labour | |
| | Actual billing multiplier | #DIV/0! | Billing Multiplier | |
| | Operating Profit | #VALUE! | #DIV/0! | Total Operating Profit | #DIV/0! |
| | Billing Multiplier Margin (excess over B/E) | #DIV/0! | Billing Multiplier Margin (excess over B/E) | |
| Client segment 4 | Net Revenue | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | Total Revenue | #DIV/0! |
| | Direct Labour | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | Total Direct Labour | |
| | Actual billing multiplier | #DIV/0! | Billing Multiplier | |
| | Operating Profit | #VALUE! | #DIV/0! | Total Operating Profit | #DIV/0! |
| | Billing Multiplier Margin (excess over B/E) | #DIV/0! | Billing Multiplier Margin (excess over B/E) | |
| Client segment 5 | Net Revenue | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | Total Revenue | #DIV/0! |
| | Direct Labour | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | Total Direct Labour | |
| | Actual billing multiplier | #DIV/0! | Billing Multiplier | |

| | | | | | | | | | | | |
|-------------------------|---|---------|---------|---------|---------|---------|---------|---------|---------|---|---------|
| | Operating Profit | #VALUE! | #DIV/0! | Total Operating Profit | #DIV/0! |
| | Billing Multiplier Margin (excess over B/E) | #DIV/0! | Billing Multiplier Margin (excess over B/E) | |
| Client segment 6 | Net Revenue | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | Total Revenue | #DIV/0! |
| | Direct Labour | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | Total Direct Labour | |
| | Actual billing multiplier | #DIV/0! | Billing Multiplier | |
| | Operating Profit | #VALUE! | #DIV/0! | Total Operating Profit | #DIV/0! |
| | Billing Multiplier Margin (excess over B/E) | #DIV/0! | Billing Multiplier Margin (excess over B/E) | |
| Client segment 7 | Net Revenue | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | Total Revenue | #DIV/0! |
| | Direct Labour | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | Total Direct Labour | |
| | Actual billing multiplier | #DIV/0! | Billing Multiplier | |
| | Operating Profit | #VALUE! | #DIV/0! | Total Operating Profit | #DIV/0! |
| | Billing Multiplier Margin (excess over B/E) | #DIV/0! | Billing Multiplier Margin (excess over B/E) | |
| | | | | | | | | | | | |

| | | | | | | | | | | |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|--|
| Total Revenue per project type | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | GRAND TOTAL REVENUE |
| <i>% of Total Net Revenue</i> | #DIV/0! | 100% | <i>% of Total Net Revenue</i> |
| Total Direct Labor | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | Total Direct Labour |
| Total Operating Profit per project type | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #VALUE! | #VALUE! | #DIV/0! | Total Operating Profit |
| <i>% of Total Operating Profit</i> | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #VALUE! | #VALUE! | 100% | <i>% of Total Operating Profit</i> |
| Total Billing Multiplier per project type | #DIV/0! | Total Billing Multiplier |
| Total Billing Multiplier Margin for Project Type (excess over B/E) | #DIV/0! | Billing Multiplier Margin (excess over B/E) |
| Totals Per Service Type | | | | | | | | | | Grand Totals |

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