

## **TECHNICAL PROPOSAL AND FINANCIAL PROPOSAL**

A technical proposal is technical information about your product or service. This can include things like technical approach, technical specifications, past performance, resumes, management plan, staffing plan, general business information.

Your financial proposal is going to contain anything that has financial information about your product or service. Your detailed pricing, pricing narrative, and detailed costs.

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A **cost estimate** is the approximation of the cost of a program, [project](#), or operation. The cost estimate is the product of the cost estimating process. The cost estimate has a single total value and may have identifiable component values.

## **FINANCIAL PROPOSAL**

**A financing proposal contains the details on how you intend to achieve your business plan outlining:**

- Amount of money needed
- How that money will be used
- Expected returns
- Security

Apart from being essential to raising capital, the preparation of a financing proposal can be extremely beneficial to the operation of your business. As a fundamental management tool, your proposal:

- Forces you to write down facts clearly and objectively
- Helps you to identify and clearly define products, markets and suppliers
- Provides you with a guideline against which to measure results
- Conveys a lasting impression of you and your company
- Allows others to assess your chances of success

It should be noted that your Financial Proposal will be based on your business plan, which is basically a written summary of what your business is, where you intend to take it, and how you plan to get there.

You can also refer back to Riyadh Bank's SME Toolkit CD ROM, which is enclosed in your Business Banking pack, and follow the pro forma templates available.

## STEP 1: Outline of the Proposal

Whether you're seeking money from a bank, a venture capital firm, a government program or any other source, you will be expected to provide a document that contains most or all of the following:

- **Cover page:** company name, address, telephone number, email address, website and key contacts
- **Table of contents:** referenced by page numbers
- **Summary:** one page about the company
- **Industry Overview:** overview of your business highlighting key dates and facts
- **Management structure:** background, qualifications and responsibilities
- **The products and services**
- **The market:** previous and forecasted financial performance of production and supply
- **Financing outline:** emphasizing application of funds
- **Basic information:** bank, accountants, lawyers, incorporation, board of directors; shareholders
- **Appendices:** detailed management biographies, product literature, valuations of assets, financial statements (preferably audited), detailed projections – profit & loss, cash flow and major contracts

## STEP 2: Making a Strong First Impression

The one-page summary following the table of contents can make or break your proposal. It should stand on its own in presenting your company succinctly. It can be modified depending on who will receive the proposal and for what purpose. The summary should state briefly:

- what the company is and does
- its history
- where its future lies
- what the company needs to get there (i.e., the amount and sources of money).

Keep it simple and honest, and you're halfway there.

## STEP 3: Creating a Detailed Proposal

With the outline of your proposal established, you can create a comprehensive document by providing the following information:

- Background - Overall picture of the company and how it has been formed:
  1. When it was founded and by whom
  2. How it was developed: dates (or years) of key milestones; major events
  3. How it arrived at its present position
- Management - Provide an overview of the key management personnel:
  1. Names, titles, ages, experience, education
  2. Responsibilities and contribution of each
  3. An organization chart, if available

**N/B**

A Material Take Off (MTO) is the process of analyzing the drawings and determining all the materials required to accomplish the design. We then use the material takeoff to create a bill of materials (BOM). Inspection does not aid in creating a bill of materials. Procurement and requisition are activities that occur after the bill of materials is complete.