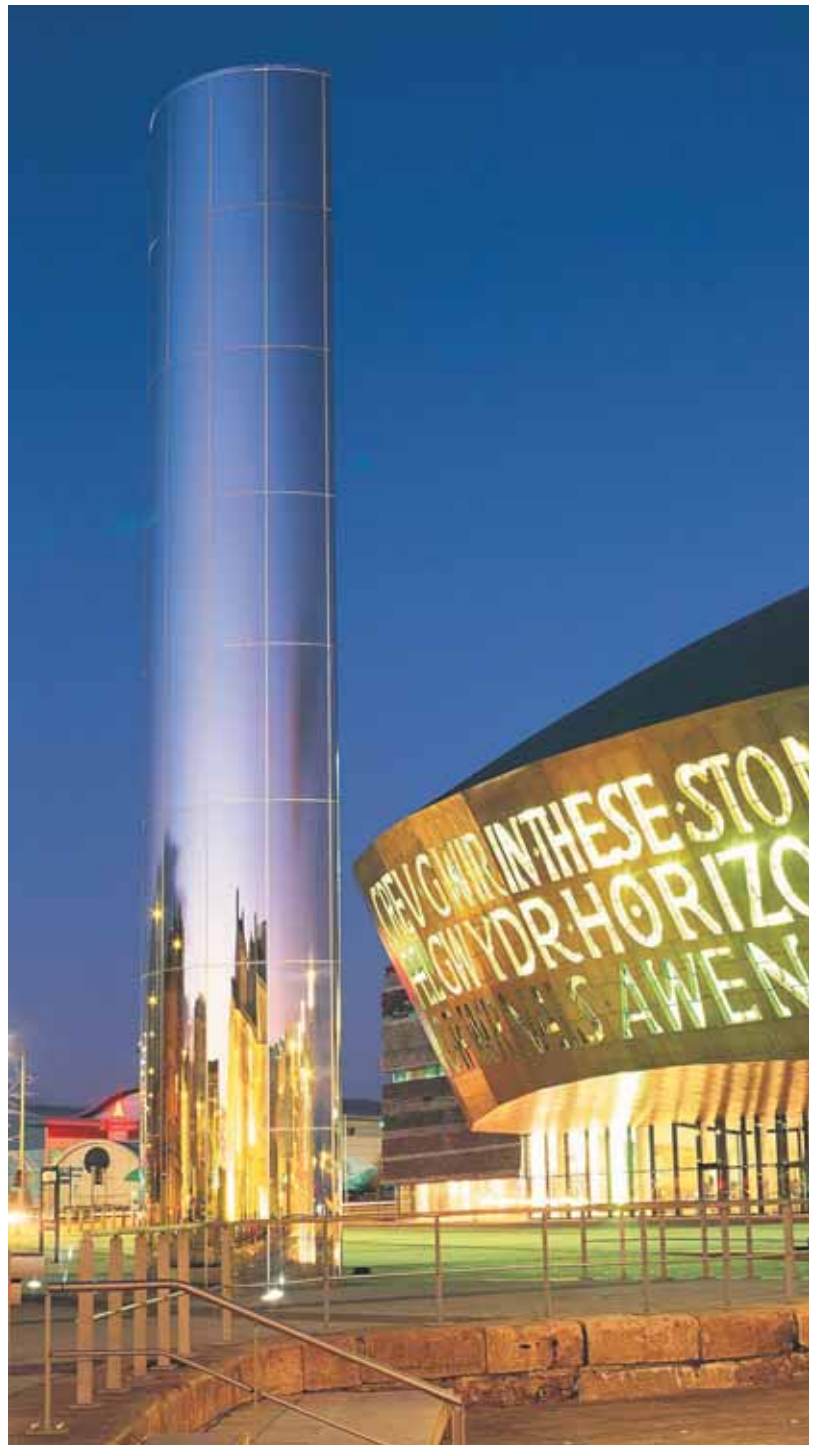


# A guide to investing in Wales

**Appendix 11 – Checklist of items to  
consider when planning a project**



# Appendix 11 – Checklist of items to consider when planning a project

Early in the evolution of a project there will be benefits from sharing the project with an International Business Wales representative. They will be able to help share additional background information that may be relevant and also to provide support throughout the project.

Each project proceeds at a different pace and therefore the time required to complete individual projects will differ. The following is offered as an example

Steps	Activity	Month								
		1	2	3	4	5	6	7	8	9
1 to 3	Location research	■								
4 to 7	Location due diligence		■	■	■	■				
8	Project finalisation				■	■	■	■		
9	Project approval							■	■	
10	Project delivery									■

Key questions to address in the development of a project.

## 1. The market

- Have you researched the current size and future projected size of the market for your product/service?
- Have you identified countries/markets which are attractive for your product/service?
- Have you identified key competitors in your target countries and do you understand their product features and pricing structure?
- Do you understand what UK/EU legislation governs the production and sale of the product/service?
- Have you identified a three or five-year sales projection for the business and has this been split by product/service and volume of activity?
- Have you made contact with trade bodies to understand as much as you can about the market?

## 2. The product/service

- Has the product/service been tested and is it ready for commercialisation? If not, have you identified colleges/universities that may be able to help complete research and development?
- What market testing have you performed on the product/service in the chosen market? Has this been done with real/representative customers to understand their propensity to buy, their frequency and quantity of purchase and the price they are prepared to pay?
- Is additional product development work required before the project can proceed? If so, ensure sufficient time is allowed to complete this task.
- Have you taken any action to protect your intellectual property?

### 3. The project specification

- Have you defined the scale of the project so that you know the type of operation you want to set up? This should typically include, as a minimum, for each of the first three years:
  - Sales forecast. Volume and price of product/service.
  - Personnel. The number of staff you will require to support the project.
  - Capital expenditure. The cost of equipment you will need to meet the sales target.
  - Accommodation. The square footage you shall require for the business.
- Have you set out (a minimum of five) critical success factors for the project? For example, what are the five most important factors in the selection of the preferred location, e.g. proximity to a motorway, proximity to a customer, available staff with specific skills, quality of premises, cost etc.?
- Have you performed a break-even analysis based on your sales forecast?
- Have you considered the impact of key risk factors on forecast trading and included these within sensitivity analysis?
- Have you identified a desired/required timetable for delivery of the project?

### 4. Contact International Business Wales

*The team is experienced at working with overseas companies and will understand the types of information you will need to help make a project decision.*

- Have you explained to the IBW team your headline project specification requirements and the type of location you are seeking?
- Prepare a briefing document to explain your project, your preferred location and the type of information that you are seeking.
- Arrange a visit to Wales to view options. Provide as much information to IBW in advance of your requirements. Arrange to have a minimum of a full 1 or 2 day visit to Wales to understand more about the location. Share some of your key questions with IBW in advance. They may be able to incorporate relevant information into your visit, e.g. meeting with relevant university team, recruitment agency, meet with potential suppliers/customers, view property options etc.

### 5. Visit Wales

- Identify the relevant personnel that should visit Wales, e.g. representatives from Human Resources, Production, Sales and Marketing, Real Estate, logistics etc.
- Prepare a checklist of key questions to ask – in advance of each of the meetings. Ensure that your team focuses on its areas of specialism.
- Prepare summary briefing notes after the visits – it is all too easy to forget what was discussed after you have already travelled home! Ensure you get together at the end of each day to discuss the information you have received and identified additional information you will require.
- At the end of the trip, revisit your outline project forecasts and update them to reflect information gained during the visit, e.g. are the forecast returns likely to be better or worse than originally expected?

## 6. Project analysis

- Ensure the project is discussed at an appropriate level in the business e.g. the level at which the project will need to be signed off. Explain to them the information gathered, the estimated returns from the project, and seek approval to complete further analysis before a final location is selected.
- Agree with the senior leadership team an appropriate timeframe for project delivery.
- Ensure you have allocated sufficient resource for project management at a local level.
- Keep your IBW designated contact apprised of project status. Share any concerns you have or other challenges that have been set by others within the group e.g. views on locations visited, types of property you liked etc.

## 7. Due diligence

- Prepare a more detailed list of information you shall require to get the project approved. These should be shared with IBW so that they can be built into a meeting programme or else (initially) supported by additional briefing information. The areas to consider should include:
  - Expatriate labour. Work permits for staff moving to Wales, the personal and corporate tax implications arising from the move and information on the type, location and cost of properties where they will live.
  - Workforce. Meetings with recruitment agencies to understand the availability of staff and the cost of agency fees. Also meet with the free Government funded Job Centre network to understand how they can help you identify and source staff.
  - Premises. Meet with property agents to view property options and understand the full cost of property, e.g. rent, business rates, service charge, car parking provision (and cost of extra spaces).
  - Location. Discuss with recruitment agencies and others the optimum type of location to help you to recruit and retain staff, e.g. proximity to public transport network, out-of-town location close to motorway etc.
  - Taxation. Understand the corporate and personal taxation implications of the project. There can be a wide range of tax planning opportunities that need to be considered in advance of committing to a project.
  - Legal advice. A company may need to be set up and you will need to appoint a local legal advisor. Meet with at least one practice during your visit and understand the costs you should build into the project forecasts.
  - Financial forecasts. Someone needs to prepare more detailed project forecasts and to understand how your cost structure in Wales may differ from that in your existing country. Using a chart of accounts and a percentage breakdown of key cost items may be a useful base from which to compare and contrast costs in Wales.
  - Finance. Prepare a business plan for the project to present to potential funders. Consider using local advisors to help support negotiations.
  - Grants and incentives. Grants and incentives are accessed by many inward investors coming to Wales. However, this requires the preparation of project forecasts and the demonstration of a need for grant. A typical timeframe from initial project outline through to receipt of a formal grant offer letter is typically three months. Although you could make a grant submission yourself, many companies choose to appoint a grant advisor. If so, meet with an advisor, understand the cost of services and obtain a clearer indication of the likely grant potential of the project.
  - Finance. If finance is required for the project, arrange to meet with representatives of local lending banks. It will typically be helpful to meet the Welsh branch of your existing bank, if available. Understand the typical cost of banking services.
  - The visit. Ensure the visit covers all of the key matters you wanted covered and that you allocate enough time to conduct the meetings. The IBW team will have extensive experience of this and will be able to guide you on the time that should be allocated. Don't try and rush this – this is an important project and you want to get it right.

Prepare summary notes following all of the meetings. Don't assume you will remember all of the key points when you get home.

Project forecasts. Revisit the project forecasts in the light of the visit and update cost categories as required. Identify key project risk areas and how you plan to mitigate them.

## **8. Project finalisation**

Provide group senior personnel with feedback arising from the visit. Appraise them of the latest project forecasts and how they compare to the earlier version. Highlight any key factors that may adversely impact on the project timetable.

If positive, seek outline approval to proceed to the final validation phase. This phase of the project is likely to take approximately three months. During this phase you will want to:

- Property. Appoint property agents to help with the final negotiation of the preferred property option. You may wish to complete ground condition testing or other tests to ensure the suitability of the site. You may perform a variety of due diligence procedures other than entering into an irrevocable long-term commitment to the property. (If your preferred option is a new build to be constructed, the construction and fit-out period may take 12 months or longer.)
- Capital equipment. Obtain final quotes for all significant items of capital expenditure. Identify what discounts are available and the timetable for delivery of the items. Ensure that no orders are made, otherwise it may jeopardise the grant offer.
- Grants and incentives. Appoint professional advisor to help guide through the grant process. This process will typically take around 5-6 weeks to gather all of the information to include in the formal grant submission. The remaining 5-6 weeks will be required for the grant appraisal team to complete their due diligence procedures.

## **9. Project approval**

- Receive verbal confirmation of a grant award and follow up with hard copy of grant offer letter within seven days. Ask your grant advisor to check there are no unusual terms and conditions included in the offer letter.
- Present the project to the senior decision making team – together with the grant offer. We hope at this stage you will have formal approval to proceed.
- Notify your IBW representative about permission to proceed with the project.
- Notify your property and legal advisors to complete with the property acquisition.
- Place orders for key items of equipment.
- Liaise between your human resources team and IBW about a formal announcement of the project. Ensure the announcement will enable you to capture interest from prospective candidates that would like to work with you.
- Keep your IBW contact informed of progress and let them know if you have any problems.

## **10. Project delivery**

- Arrange for the project manager to be on hand to receive the equipment and ready the premises for opening.
- Liaise with IBW about marketing around the facility opening.
- Commence staff recruitment and begin production.

You are now up and running and good luck with the project but IBW involvement doesn't end there. IBW representatives will continue to be allocated to your business and they will be there for you on an ongoing basis to help with any opportunities or issues you may have.

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