

Subject: *Business Plan for Business Entrepreneurial Centers and Incubators (BECI) in City of Loznica*

Project name: *„Newly established Start-up Enterprise Services“
NESESER*

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Project NESESER

Business Plan for Business Entrepreneurial Center and Incubator (BECI) in City of Loznica

Introduction

City of Loznica and the Republic of Serbia faces challenges such as youth unemployment, unfavorable geo-strategic position, underdeveloped business infrastructure. These common challenges represent the main obstacle for further development of the City of Loznica. For this reason, project partners from Development – Guarantee Fund of the Brčko District (Unit for Implementation of International Projects), the City of Loznica and Institute for Development and Innovations (IRI) have designed project titled as: „**Newly established Start-up Enterprise Services “abbreviation NESESER** – as a project designed and approved by Cross-border Program Serbia-Bosnia and Herzegovina 2014-2020 implemented under the framework of the Instrument of Pre-accession Assistance (IPA II) which is the result of joint planning efforts made by the governments and other stakeholders of the two countries. Ultimate goal of this project is to address common challenges through constitution of Business entrepreneurial centers and incubators (“BECI”) in the Brčko District in Bosnia and Herzegovina and the City of Loznica in the Republic of Serbia. The role of this business center and incubator in City of Loznica in the Republic of Serbia is to reduce unemployment and provide more opportunities for youth employment paying particular attention to inclusion of unemployed women, embrace partnering of different stakeholders for the overall development of local community and create a better living and working environment for the local population. Business centers and incubators empower aspiring entrepreneurs and start-ups by providing them with the resources, guidance, and network to survive in the current competitive business landscape. In this dynamic and ever-evolving world turning an idea into a successful business requires more than just a spark of creativity. It demands a motivating and knowledgeable environment that aspires growth, knowledge-sharing, and collaboration. That's why the business entrepreneurial center and incubator in City of Loznica in the Republic of Serbia will be more than just a space. One of the main goals of business centers and incubators is to engage women population through start-up programs, reduce youth unemployment and include women actively in local community.

The City of Loznica is located in Mačva District of Western Serbia. The City of Loznica is located on the right shore of the Drina River. The distance between the City of Loznica and the Brčko District is 76 kilometers. District Mačva has 52 settlements including the City of Loznica. The City of Loznica received the status of the city in 2008 according to the legal practice in force in the Republic of Serbia. Also, one of the largest lithium depots in Serbia with total reserves of 125.3 million tons is located in Loznica. Mačva District covers 0,7% of land surface of the Republic of Serbia while population from the same district represents 1,05% of the population in the Republic of Serbia.

The number of unemployed persons decreased in 2022 in Mačva District to 4,8% comparing to 7,2% in 2021. Around 53% of the population in Mačva District is employed. The population in the City of Loznica is comparable to Brčko District. Retired population in City of Loznica is around 23% while in the Brčko District was around 15% in 2021. The number of unemployed people in Loznica decreased in 2022. Also, during the two years period, number of unemployed women at the end of 2022 was 2.821 compared to the end of 2021 when this was equal to 4.951.

The City of Loznica and Mačva District has a diversified economy, with sectors such as: manufacturing, agriculture, services, and trading. Foreign investments in the Republic of Serbia in 2022 were equal to EUR 4,4 billion compared to EUR 3,1 billion in 2021.

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Business Plan for Business Entrepreneurial Center and Incubator (BECI) in City of Loznica (continued)

Summary

The business entrepreneurial center and incubator in City of Loznica will be dedicated to transforming the entrepreneurial spirit and innovative ideas into successful ventures. On this road it is necessary to build a strategic roadmap to create a thriving ecosystem where start-ups and entrepreneurs can connect their dots.

Mission

"Our mission is to empower and accelerate the growth of innovative startups by providing a supportive ecosystem, expert mentorship, and access to strategic resources, ultimately fostering entrepreneurship and driving economic development in our community."

Vision

"Our vision is to be the leading catalyst for entrepreneurial success and innovation, driving the growth of groundbreaking startups and shaping the future of industries. We aim to create a vibrant ecosystem that fosters collaboration, cultivates breakthrough ideas, and empowers entrepreneurs to create lasting impact. By providing unparalleled support, access to networks, and cutting-edge resources, we envision a world where every startup has the opportunity to flourish, transform industries, and contribute to the progress of our community."

Approach based on

- Clear objectives
- Targeted selection criteria
- Tailored programs and services
- Expert mentorship and advisory support
- Access to funding and investments
- Collaboration and networking opportunities
- Evaluation and impact measurement
- Post-incubation support
- Continuous learning and adaptation
- Collaborative partnerships

The business entrepreneurial center and incubator in City of Loznica have projected capacities throughout the NESESER project for 10 start-ups. Under the assumption this potential will increase to possible launch of 20 start-ups per location on an annual basis this will provide employment potential for about 50 to 100 new employees on annual basis. Bearing in mind that the City of Loznica has number of unemployed women at the end of 2022 of 2.821 compared to the end of 2021 when this was equal to 4.951, this can enhance social impact and overall importance of such cross-border projects in building a better working and living conditions in local community. Assuming, start-up's ability to generate up to EUR 25 thousand in turnover on an annual basis, additional value chain for another 20 start-ups is potentially equal to EUR 500 thousand on annual basis. Under the assumption are of payment for the local taxes, contributions, and VAT of 37% from EUR 500 thousand on annual basis it seems contribution potential generated from the start-ups into different budgets is estimated to EUR 180 thousand. This information constitutes leverage for negotiation of partnership with local communities and highlights the role of incubators and business centers in development of new opportunities. More benefits are available through strategic partnerships, networking, business conference and the attraction of new investments. Academic community should be considered to align education and labor market requirements.

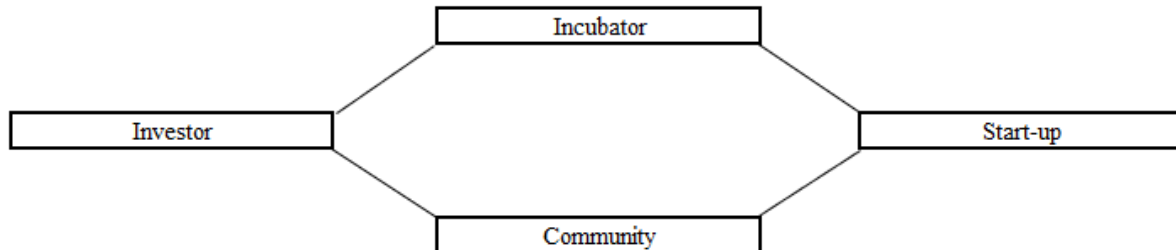
Project NESESER

Business Plan for Business Entrepreneurial Center and Incubator (BECI) in City of Loznica (continued)

Management and organization

Organization and common activities

Key stakeholders

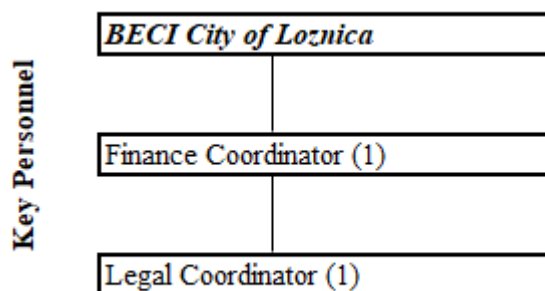


Business entrepreneurial center and incubator will represent key stakeholder in this process of connecting the dots between start-ups, community, and investors. Business center and incubators assumes tight cooperation with project partners such as:

- Local Municipalities – direct assistance (fundraising) and contribution for working space, payment of rent, utilities, and maintenance.
- Business Community – direct assistance (fundraising), training, mentoring, and coaching for legal entities, networking between the legal entities and start-ups, contributions and memberships, promotion.
- Start-ups - memberships and contributions (in the later stage).
- Wider network (corporate clients) – marketing, advertising, participation in business forum, networking between start-ups and investors.

Business center and incubator aim to develop business forum as one of the project outcomes. On the back of developed start-ups and potential for the development of new start-ups the idea besides a business forum is to gather potential investors and multiply the economic effects business incubators.

Key personnel



Finance and Legal Coordinator(s)

The Finance and Legal Coordinator(s) will be in-charge for separate location primarily responsible for operational governance and handling the business organization activities. Key personnel will be responsible for managing the expectations of various stakeholders involved.

Project NESESER

Business Plan for Business Entrepreneurial Center and Incubator (BECI) in City of Loznica (continued)

Product / service

Definition: A business product is any item or service you sell to serve a customer's need or want. A business product can be physical or virtual. Business service is a non-tangible, value-driven activity that is provided to customers or clients to fulfill a specific need or solve a particular problem. Business services are often intangible and involve expertise, knowledge, skills, or resources provided by one entity to another, typically in exchange for payment. Some examples of business services include consulting, legal advice, marketing, accounting, IT support, human resources management, customer support, facility management, logistics, and more. Business services are essential for the efficient operation of organizations and can significantly contribute to their overall success and competitiveness.

Business entrepreneurial center and incubator in City of Loznica will generate capacities through gathered pool of youth women start-up residents to assist business sector with specific knowledge and by covering scarce resources in terms of human potential, expertise, and related services. Learning programs from business entrepreneurial center and incubator in City of Loznica will translate into applicable knowledge and expertise provided to the business community. Moreover, business entrepreneurial center and incubator in City of Loznica will play a crucial role in integration of different sectors under one umbrella of unique service based on “connecting the dots principle” e.g., agriculture, tourism, handcrafts, facility, gardening, and landscape services into Agri-tourism. At the moment, both agriculture and tourism are facing a lack of human resources. The introduction of new technological marketing solutions and training in scarce resources could improve the overall link between these sectors and integrate them into one new business line. Worth considering is application of IT technologies in agricultural yield through application of new technology to overcome deficit of available headcount. Furthermore, the business community in City of Loznica faces a lack of access to knowledge about new technologies and marketing solutions. In this case, business entrepreneurial center and incubator can assist in the provision of these services through start-ups or training programs. Also, because of the migration of the local population, the aged population requires a higher level of care and assistance which potentially can offer room for the development of this line of services together with daily care, meal delivery, and cleaning. Due to increased concern for health, there is a reasonable room for the development of this line of service by promoting a healthy life through work-life balance, training, fitness, healthy food. In 2023, one start-up from the fitness industry got investment of close to EUR 6 million which is the highest regional investment in one of a kind start-up. Examples of business lines for further consideration is as follows:

<ul style="list-style-type: none">○ Green beauty products○ Gardening and landscape○ Meal delivery service○ Healthcare○ Daily care○ Graphic design○ Web design○ Digital marketing○ Cleaning services○ Outsourcing (finance, accounting, legal)	<ul style="list-style-type: none">○ IT supported agri-business○ Interior design○ Clean energy○ Fitness○ Handcrafts○ Waste management○ Events and weddings○ Real estate○ Clean mobility○ E-commerce
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Consequently, business entrepreneurial center and incubator in City of Loznica can be developed as a mix of product/service-based start-ups with adequate and balanced diversification.

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Business Plan for Business Entrepreneurial Center and Incubator (BECI) in City of Loznica (continued)

Marketing plan

Definition: Based on the context provided, a marketing "enterprise clinic" could refer to a specialized marketing service or program aimed at providing intensive and focused assistance, guidance, and support to businesses or enterprises in improving their marketing strategies, tactics, and overall performance. Marketing enterprise clinic might involve diagnostic analysis, strategic planning, mentoring, campaign optimization, marketing research, digital transformation, data analytics, branding and networking.

Preparing an effective marketing plan for business entrepreneurial center and incubator is crucial for attracting and engaging potential entrepreneurs and start-ups.

Marketing plan should clearly articulate the following:

- Audience identification: defining the audience and understanding their needs and aspirations to tailor marketing efforts effectively. Connection with state institutions will be useful to gather necessary information for profiling and data analytics.
- Unique value: clearly articulate the message of what makes a difference between our and other entrepreneurial centers and incubators. Benefits of joining and values gathered through the programs should be highlighted.
- Positioning: communicate vision, mission, values and approach of business entrepreneurial center and incubator. Due to lack of adequate competition at the current moment a strong message should be transmitted to motivate the youth population to jump into the shoes of entrepreneurs.
- Online presence and marketing: development of user-friendly website with relevant information and content plan that includes modern communication tools such as blogs, posts, articles, videos with focus on topics related to start-ups and underlying content.
- Social media: use of social media to circulate the content and screen the habits of targeted audience with increased network of followers which offers solid ground for email marketing based on sending of newsletters and underlying content.
- Events, partnerships, and collaborations: organization of events and promoting of knowledge sharing and experience. Collaboration with business community and educational institutions and organizations such as universities, institutes, research organizations.
- Testimonials and successful stories: sharing of positive stories and experience expands a good voice and raises credibility of the overall efforts.
- Data analytics: analysis of web-site traffic, social media engagement, email open rates, events attendance.

Due to the current organization of business entrepreneurial center and incubator development of effective marketing strategy will be confined to external marketing agency. The above-mentioned features represent integral part of effective marketing strategy and are expected for further consideration to assist business entrepreneurial center and incubator to reach its full potential and develop successful start-ups in long term period.

For the sake of stable funding the marketing provider should consider green initiative and environmentally sustainable governance as a part of effective marketing strategy. Emphasis on environmental footprints deemed as very important and challenging nowadays.

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Business Plan for Business Entrepreneurial Center and Incubator (BECI) in City of Loznica (continued)

Competitiveness strategy

Developing a strong competitiveness strategy for entrepreneurial business center and incubator is essential to stand out in a competitive market and attract startups and entrepreneurs. Competitiveness strategy should integrate the following:

- *Tailored program and service*: develop diversified programs, workshops, and service to satisfy the needs of start-ups at different stages. Avoid one fits all approach because the start-ups might not develop and reach their potential for capitalization.
- *Facilities*: modern technology, collaborative and well-equipped workspace might create a motivating and aspirational environment.
- *Mentorship*: assemble a network of valuable industry experts who can provide practical knowledge. Moreover, consider involvement of academic community from universities and institutes to strengthen practical knowledge. Match mentors and start-ups based on their needs.
- *Network*: maintain healthy and solid relationships with relevant stakeholders from public, private, and non-governmental sectors. Moreover, build connections with investors, venture capital firms and financial institutions and keep them involved in monitoring a development process.
- *Innovations*: foster a culture of innovation by creating collaborative spaces where startups can interact, share ideas, and collaborate on cross-disciplinary projects.
- *Diversified membership options*: provide membership packages and pricing options to meet different budgets and needs of start-ups, from virtual memberships to dedicated office spaces.
- *Long-term support*: provide ongoing support to start-ups even after they graduate from business programs, maintaining a connection and providing access to resources as they continue to scale and grow.

The Republic of Serbia currently has 20 business incubators which is significantly higher compared to 12 business incubators in Bosnia and Herzegovina. Business centers and incubators in the Republic of Serbia are geographically widespread to the different parts of the country.

According to the Program for Development of Business Incubators and Clusters prepared by the Ministry of Economy of the Republic of Serbia, City of Loznica is on the marked on this map as Cluster for small agricultural machinery. The City of Loznica and Mačva region have strong machinery, engineering, and production background. Main industries in Mačva region are production, agriculture, and trading. Based on the available information, the City of Loznica has no registered business incubator or center to support the development of the local community.

Elements highlighted in the competitiveness strategy should assist in clear differentiation of business entrepreneurial incubator and center due to lack of competition in this segment.

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Business Plan for Business Entrepreneurial Center and Incubator (BECI) in City of Loznica (continued)

Business plan

Definition: Business “second chance” refers to an opportunity or attempt given to a business or entrepreneur to recover, restart, or improve their operations after facing challenges, setbacks, or failures. It involves providing the business with another opportunity to succeed and achieve its goals, even after experiencing difficulties that may have negatively impacted on its performance or reputation.

Definition: “Women entrepreneurship conditions” refer to the various factors and circumstances that influence and shape the ability of women to start, develop, and succeed in their own businesses or ventures. Key conditions which might be considered refers to: equal opportunities, access to funding, education, support, work-life balance, technology, financial inclusion (state institutions provide incentives for support of women entrepreneurial program), visibility and recognition.

Business model

Business entrepreneurial center and incubator will be financed by public institutions and non-governmental sector. Business entrepreneurial center and incubator will be financed on fee basis. Sponsorships, donations, common service fees, fees from start-ups conference, contributions from the Government and municipal level. Business entrepreneurial center and incubator will operate on a open ended time frame. Business entrepreneurial center and incubator advantages are as follows: credibility, lower costs, focus on core product, access to network and acces to expertise.

SWOT

<i>Strength</i>	<i>Weakness</i>
Infrastructure and facilities Networking and collaboration opportunities Mentoring and business support Fundraising and investments Training, mentoring and education Market validation Access to knowledge and expertise Legal and administrative support Branding and marketing Durability and growth	Limited assets for support Competitive environment Lack of customization, diversification Limited focus Dependency on external funding Quality of external support Overcrowding and allocation of resources Lack of post-incubation support Lack of involvement in business decisions
<i>Opportunity</i>	<i>Threat</i>
Access to funding Networking and partnerships Market validation Customer acquisition Business development Access to specialized resources Market expansion Increased exposure Access to intellectual potential	Economic downturn Increased competition Limited scalability Lack of stable long term funding Regulatory environment Talent retention Overdependence on individual shareholders Failure of incubated start-ups Insufficient post-incubation support

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Business Plan for Business Entrepreneurial Center and Incubator (BECI) in City of Loznica (continued)

Business plan (continued)

Risk analysis

Risks for further assessment and mitigation applicable for business entrepreneurial center and incubator in City of Loznica can be summarized as follows:

<p>Political</p> <ul style="list-style-type: none"> ○ Changes in governing policies ○ Political instability ○ Regulatory constraints ○ Geopolitical risks ○ Local community and stakeholder relations ○ Lack of cooperation between governing bodies and non-governmental organization 	<p>Economical</p> <ul style="list-style-type: none"> ○ Funding availability ○ Inflation ○ Recession ○ Cost control ○ Budget control ○ Cash flow management
<p>Social</p> <ul style="list-style-type: none"> ○ Alignment with local community ○ Stakeholder interest management ○ Social impact and dimension ○ Availability of headcount ○ Ethical and responsible practices 	<p>Technology</p> <ul style="list-style-type: none"> ○ Technological availability (supply chain issue) ○ Vendor reliability and support services ○ System failures and downtime ○ Cyber security ○ Data privacy and control (GDPR) ○ Knowledge gap
<p>Environmental</p> <ul style="list-style-type: none"> ○ Pollution ○ Climate change ○ Soil degradation ○ Biodiversity deterioration 	<p>Legal</p> <ul style="list-style-type: none"> ○ Regulatory ○ Compliance ○ Contractual obligations ○ Intellectual property rights ○ Ownership disputes ○ Health and safety

Project consortium may reconsider the number of 20 start-ups with 20 different business lines. This number of business lines is wide and could require a significant number of different experts and various resources which might be challenging to gather. Instead, maybe pairing will be one of the solutions to have 10 pairs of business lines on cross-border principle.

Both incubators and start-ups could be organized more specialized on generation principle. This approach may generate accumulated effects in terms of learning curve, share of experience, transfer of knowledge between the start-ups on cross-border basis.

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Business Plan for Business Entrepreneurial Center and Incubator (BECI) in City of Loznica (continued)

Operational plan

Developing a comprehensive operational plan is crucial for effectively running a business entrepreneurial center and incubator. This plan outlines how business entrepreneurial center and incubator will function on a day-to-day basis and ensure that all aspects of operations are well-organized and aligned with goals. Integral sections of operational plan may refer to the following:

- Description of facilities: communicate information about layout and design of business entrepreneurial center and incubator, including co-working spaces, private offices, meeting rooms, event spaces, and any other relevant information considered as important for the resident. Provide the information about the equipment, technology, and infrastructure disposable to meet the start-up needs. For description of facilities please refer to the section **Financial plan**.
- Working hours: provide information about the the hours of operation for business entrepreneurial center and incubator, including regular business hours, extended access for members, and any special events or workshops.
- Staffing and roles: operating plan should provide detailed information about the roles and responsibilities of staff.
- Resource management: provide information on how the shared resources will be managed, such as equipment, tools, and facilities, to ensure fair and efficient utilization among start-ups.
- Technology: provide information on how IT infrastructure, software platforms, and communication tools you will provide to support start-ups' technological needs.
- Security and safety: prepare information about security measures in place to protect start-ups, mentors, and equipment within business entrepreneurial center and incubator and describe health and safety protocols and emergency procedures.
- Sustainability: highlight any sustainable practices or initiatives implemented in business entrepreneurial center and incubator such as energy efficiency, waste reduction, and environmentally friendly policies. This is the unique opportunity to emphasis integration of sustainable practices which minimizes environmental footprint into governing policies and procedures.
- Contingency planning: provide information about unexpected situations or challenges that may arise and will be handled, such as equipment malfunctions, disruptions, or changes in the business environment.

Due to the current organization of business entrepreneurial center and incubator operational matters will be outsourced to external providers under the monitoring of key personnel assigned in business entrepreneurial center and incubator.

Project NESESER

Business Plan for Business Entrepreneurial Center and Incubator (BECI) in City of Loznica (continued)

Financial plan

Financial analysis is based on the technological, organizational, legal, and other prerequisites as presented below.

Technological, organizational, legal, and other prerequisites

Minimal targeted surface of facilities is up to 500 square meters comprising of the following:

- 200 square meters of common co-working space for 10 participants targeted as project output for common use of facilities on daily basis
- 150 square meters of multimedia space intended for training purposes
- 75 square meters of three separate conference rooms for meeting purposes
- 50 square meters of office space for the Project Management Team
- 25 square meters of space for the remaining

Project partners such as local communities (the City of Loznica) will provide required facilities with minimum requirements for project implementation. Moreover, the project consortium should propose to local communities to settle utilities and maintenance.

Minimum requirements for assets referring to both locations may be as follows:

- 20 laptops / desk / chairs (for both locations)
- 2 printers / scanners (1 per individual location)
- 2 desks and 20 chairs for multimedia and conference (for both locations)
- 2 projectors and boards for multimedia and conference (for both locations)

Partners of business incubators may be considered as follows:

- Local Municipality
- Business community (legal entities and individuals)
- Non-governmental institutions
- Service providers (training, coaching, marketing, legal, utilities, vendors)

Project consortiums may consider partnership with the local communities (Municipality) and get contribution in business space and financial support to grow the initial efforts. Moreover, backward integration with the business community may result in contributions from their side. On the other hand, business incubators may offer outsourcing opportunities to the business community and assist them in overcoming shortcomings in labor, service providers and knowledge.

Legal registration and organization of business incubators as legal entities or non-governmental organizations / associations should be considered in due care of potential development.

Project NESESER

Business Plan for Business Entrepreneurial Center and Incubator (BECI) in City of Loznica (continued)

Financial plan (continued)

BECI business model and cash flow for the City of Loznica

Assumptions:

Government (contribution)	90.000,00	94.500,00	99.225,00	104.186,25	109.395,56
Business (contribution and education)	20.000,00	22.000,00	24.200,00	26.620,00	29.282,00
Start-ups (membership)	5.000,00	10.000,00	15.000,00	20.000,00	25.000,00
Conferences (participation)	20.000,00	20.000,00	20.000,00	20.000,00	20.000,00
Investors (Platinum, Gold, Silver)	10.000,00	10.000,00	10.000,00	10.000,00	10.000,00
	145.000,00	156.500,00	168.425,00	180.806,25	193.677,56

Income statement

Amounts are presented in EUR

	Y1	Y2	Y3	Y4	Y5
Income					
Contribution from public institutions	90.000,00	94.500,00	99.225,00	104.186,25	109.395,56
Contribution from business community	20.000,00	22.000,00	24.200,00	26.620,00	29.282,00
Contribution from start-ups	5.000,00	10.000,00	15.000,00	20.000,00	25.000,00
Contribution from conferences	20.000,00	20.000,00	20.000,00	20.000,00	20.000,00
Contribution from investors	10.000,00	10.000,00	10.000,00	10.000,00	10.000,00
	145.000,00	156.500,00	168.425,00	180.806,25	193.677,56
Expenses					
Personnel costs	-36.000,00	-36.000,00	-36.000,00	-36.000,00	-36.000,00
Depreciation	-5.000,00	-5.000,00	-5.000,00	-5.000,00	-5.000,00
External shareholders costs	-65.000,00	-71.500,00	-71.500,00	-71.500,00	-71.500,00
Infrastructure costs	-12.000,00	-13.200,00	-14.520,00	-15.972,00	-17.569,20
Travel and accommodation costs	-5.000,00	-5.500,00	-6.050,00	-6.655,00	-7.320,50
Other costs	-20.000,00	-22.000,00	-24.200,00	-26.620,00	-29.282,00
	-143.000,00	-153.200,00	-157.270,00	-161.747,00	-166.671,70
Net surplus	2.000,00	3.300,00	11.155,00	19.059,25	27.005,86

Discount rate

14,35%

Inflation

5,44%

Serbia - City of Loznica

	2.000,00	3.300,00	11.155,00	19.059,25	319.582,73
	1,00	2,00	3,00	4,00	5,00
	0,87	0,76	0,67	0,58	0,51
Discounted cash flow	1.749,02	2.523,72	7.460,37	11.147,06	163.456,24

Cash flow

Amounts are presented in EUR

	Y1	Y2	Y3	Y4	Y5
Receipts					
Contribution from public institutions	90.000,00	94.500,00	99.225,00	104.186,25	109.395,56
Contribution from business community	20.000,00	22.000,00	24.200,00	26.620,00	29.282,00
Contribution from start-ups	5.000,00	10.000,00	15.000,00	20.000,00	25.000,00
Contribution from conferences	20.000,00	20.000,00	20.000,00	20.000,00	20.000,00
Contribution from investors	10.000,00	10.000,00	10.000,00	10.000,00	10.000,00
	145.000,00	156.500,00	168.425,00	180.806,25	193.677,56
Disbursements					
Personnel costs	-36.000,00	-36.000,00	-36.000,00	-36.000,00	-36.000,00
External shareholders costs	-65.000,00	-71.500,00	-71.500,00	-71.500,00	-71.500,00
Infrastructure costs	-12.000,00	-13.200,00	-14.520,00	-15.972,00	-17.569,20
Travel and accommodation costs	-5.000,00	-5.500,00	-6.050,00	-6.655,00	-7.320,50
Other costs	-20.000,00	-22.000,00	-24.200,00	-26.620,00	-29.282,00
	-138.000,00	-148.200,00	-152.270,00	-156.747,00	-161.671,70
Net cash	7.000,00	8.300,00	16.155,00	24.059,25	32.005,86

Project NESESER

Business Plan for Business Entrepreneurial Center and Incubator (BECI) in City of Loznica (continued)

Financial plan (continued)

Income

Significant contribution from the City of Loznica with 5% annual increase. Effective communication, preparation and long-term business relations developed through project pre-incubation and incubation.

The business community considered for contribution and fees for provision of professional services through business entrepreneurial center and incubator with 10% annual increase based on the high scale of business subjects. Business entrepreneurial center and incubator will have integration with wide number of external professionals involved in capacity building for start-ups. However, professional services and training can be provided to the business community by business entrepreneurial center and incubator. For these two categories of contribution a significant role will lie with key personnel.

Introduction of membership for start-ups presumably with 20 start-ups launched on annual basis. Multiplication effects included in a period from year 2 to year 5.

One annual conference assumed with around 100 participants. For this purpose, conference participants will contribute for participation of EUR 200 per participant in exchange for access to start-ups and potential projects.

Investors will be invited to sponsor annual conference with Platinum title = EUR 5.000, Gold title = EUR 3.000 and Silver title = EUR 2.000).

Expenses

Personnel costs are calculated on the following assumptions:

- *Finance Coordinator* (EUR 1.500 gross per month)
- *Legal Coordinator* (EUR 1.500 gross per month)

Depreciation is allocated on straight-line basis over the five years period.

External shareholders' costs refer to professional services for coaching, mentoring and education of start-ups. Marketing is also included under external shareholders. Increase of 10% on an annual basis and steady from year 2 to year 5.

Infrastructure costs refer to the lease and maintenance of IT infrastructure, communications, and upgrades for start-ups. Increase of 10% on an annual basis.

Travel and accommodation costs refer to the key personnel for local and international purposes. Increase of 10% on an annual basis.

Other costs refer to other activities not included above. Increase of 10% on an annual basis.

However, allocation to specific captions is possible to meet specific goals and maximise effects.

Project NESESER

Business Plan for Business Entrepreneurial Center and Incubator (BECI) in City of Loznica (continued)

Financial plan (continued)

	BiH	Serbia									
Risk free rate German Bonds	2,48%	2,48%									
Equity Risk Premium	14,86%	9,57%									
Beta	1,29	1,29									
	22,37%	15,54%									
Inflation rate - 2023 - 2028	3,26%	5,44%									
E/(D+E)	90,00%	90,00%									
D/(D+E)	10,00%	10,00%									
Commercial interest rate	4,00%	4,00%									
Tax rate	10,00%	10,00%									
Interest rate	3,60%	3,60%									
WACC	20,13%	13,99%									
	0,36%	0,36%									
Discount rate	20,49%		Discount rate		14,35%						
Inflation	3,26%		Inflation		5,44%						
BiH	2.000,00	3.300,00	11.155,00	19.059,25	161.830,75	Serbia	2.000,00	3.300,00	11.155,00	19.059,25	319.582,73
	1	2	3	4	5		1	2	3	4	5
	0,83	0,69	0,57	0,47	0,39		0,87	0,76	0,67	0,58	0,51
	1.669,86	2.273,00	6.376,73	9.042,25	63.719,84		1.749,02	2.523,72	7.460,37	11.147,06	163.456,24

BECI projections are prepared under the Discounted Cash Flow method (DCF).

Risk free rate for 10 years German bonds is 2,48%

Equity risk premium rates for the Republic of Serbia are used from **Damodaran**.

Beta used for other excluding financial institutions referred from **Damodaran**.

Inflation rates for the Republic of Serbia for period from 2023 to 2028.

Debt / equity ratio calculated in 90 : 10. BECI will not be primarily financed via debt. Majority source of finance will be from project partners and other contributions. External finance has not been extensively considered.

Commercial interest rates on loans are considered at 4%. Income tax rate is 10%.

Weighted average cost of capital (WACC) for the Republic of Serbia is lower because of the lower equity risk premium.

Growth and development plan

A growth and development plan is crucial for the continued success and expansion of business entrepreneurial center and incubator. It outlines strategies, goals, and actions to enhance center's impact and reach. Integral sections of growth and development plan may refer to the following:

- *Alignment*: explain how growth plan aligns with core values stated in vision and mission of the business entrepreneurial center and incubator.
- *Objective*: set clear business objective for growth (increased number of start-ups, increased amount of membership fees). The membership fee per start-up in financial plan is EUR 250 on an annual basis. Scaling option available for consideration.
- *Program diversification*: introduce new and innovative programs, workshops, or events that cater to the evolving needs of start-ups and entrepreneurs. Consider specialized tracks or industry-specific offerings.

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Growth and development plan (continued)

- Partnerships and alliances: forge strategic partnerships with universities, corporations, industry associations, and other relevant organizations to broaden overall reach, offer specialized resources, and access new opportunities.
- Scaling: assess opportunities to scale successful programs, mentorship models, or services to accommodate a larger number of start-ups without compromising quality.
- Staff development: provide training and development opportunities for staff to ensure they are equipped with the skills and knowledge needed to support an expanded and diverse startup community.
- Community engagement: strengthen center's sense of community by fostering greater interaction, collaboration, and knowledge-sharing among start-ups, mentors, and partners.
- Communication strategy: develop a clear communication plan to keep stakeholders, members, and partners informed about your growth initiatives, milestones, and progress.
- Penetration to new market: consider opening new branches or satellite locations in other cities or regions to tap into different entrepreneurial ecosystems and attract start-ups from diverse geographic areas. In our case another business entrepreneurial center and incubators as part of the same project will be located in neighboring Brčko District in Bosnia and Herzegovina.

The business entrepreneurial center and incubator in City of Loznica have projected capacities throughout the NESESER project for 10 start-ups. Under the assumption this potential will increase to possible launch of 20 start-ups per location on an annual basis this will provide employment potential for about 50 to 100 new employees on annual basis. Bearing in mind that the City of Loznica has number of unemployed women at the end of 2022 of 2.821 compared to the end of 2021 when this was equal to 4.951, this can enhance social impact and overall importance of such cross-border projects in building a better working and living conditions in local community. Assuming, start-up's ability to generate up to EUR 25 thousand in turnover on an annual basis, additional value chain for another 20 start-ups is potentially equal to EUR 500 thousand on annual basis. Under the assumption are of payment for the local taxes, contributions, and VAT of 37% from EUR 500 thousand on annual basis it seems contribution potential generated from the start-ups into different budgets is estimated to EUR 180 thousand. This information constitutes leverage for negotiation of partnership with local communities and highlights the role of incubators and business centers in development of new opportunities. More benefits are available through strategic partnerships, networking, business conference and the attraction of new investments. Academic community should be considered to align education and labor market requirements.