

# BUSINESS PLAN

## 2.0 Project Description

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### 2.1 The Project

**Type of business**

Insert type (Café, Construction Contracting, etc)

**Business Structure**

(Sole Proprietorship/ Partnership- limited or general/ Incorporation)

**Percentage of Aboriginal ownership**

xx %

#### Products (or Services) the Business Provides

Describe in depth your products and/or services using layman’s terms to describe industry techno-jargon. Your ability to do a thorough job explaining your product or service not only educates the reader and helps you plan, but also proves to the funder that you know your business.

What factors will give you competitive advantages or disadvantages? For example, level of quality or unique or proprietary features and benefits, using the following steps:

1. List all your major products or services.
2. For each product/service describe the most important features. (What is special about it)
3. Then, for each produce/service, describe its benefits. (What will the product do for the customer)
4. Note the difference between features and benefits, and think about them. What after-sale services will be given? For example: delivery, warranty, service contracts, support, follow up, or refund policy.
5. What are the pricing, fee or leasing structures of your products and/or services? Explain this in detail, but you will also have a pricing section where you can do a comprehensive explanation.

### 2.2 The Applicant

Previous Funding Accessed: Name of the Program and Purpose of the Application

If yes, when, how much and current status of the project?

### 2.3 Project Budget

Application of Funds	
Capital & Equipment	
Marketing Development	
Inventory/ Supplies	
Pre-Operating	

Source of Funds	
Applicant Equity	
ABC - Regional Opportunity	
Commercial Financing	

## 3.0 Industry Description

What are the key factors in your industry that make firms successful?  
 What enables leading firms to succeed? I.e. marketing, pricing, bidding, cost control, customer service, and product quality.

### **3.1 Industry Definition:**

Explain, in layman's terms, the specifics of operations that are defined within your industry.

### **3.2 Industry History:**

In a few words write and a heading that describes the industry your business will operate in.

A history of the industry should be relevant to the project and requires you to detail the big picture of the market you are going to operate your business in. List the important economic factors that will affect your product or service. Consider things such as country growth, industry health, economic trends, rising prices, etc. Indicate current industry conditions and trends, Why are the current market distributions the way they are? What has your competition done to achieve their market share? What are the legal factors that will affect your market?

Provide yours, or a third parties research that supports your determination that there is a market and a need for your product or service. List the trade associations that service your industry. Use material supplied by these organizations to support statements and assumptions you have made throughout your funding request.

### **3.3 Industry Performance and Trends:**

What are the trends in the industry? Is the industry growing or declining? Where will it be in five years?

Quote statistics, trade publications, government publications, etc.

### **3.4 Business Climate:**

Population and approximate breakdown of the population

General indication of type of economy and dominant industries, i.e.: predominantly agricultural

Nature or evidence of community support

## **4.0 Market Analysis**

### **4.1 Market Size:**

This is one of the most important pieces of information to include in your plan. List it as thoroughly as possible. You must know your market in the planning stage and while operating your business. Some questions you should answer in this section are:

What is the total size of your geographical market?

Current demand in target market. Potential Growth.

Demand Trends? Geographical market expansion plans, if any.

Trends in target market:

Government Factors

Technological Factors

Economic Impact; new technology, new activity to the area. If an environmental analysis is required obtain this prior to continuing.

#### 4.2 Market Share:

Sales forecasting: organize and analyze research and information that explains cash flow conservative estimated income for year one, two and three.

#### 4.3 Client Demographics

Typical customer, age income, occupation, sex, or other characteristics

Thoroughly describe the source of existing product/service supply?

Names of major customers who account for more than 10% of annual gross sales and annual dollar volume billed each year.

#### 4.4 Marketing Strategy

Your market approach should be consistent with your market niche. Describe successful marketing practices and why they are successful.

Include tracking methods and time lines that will optimize the effective use of marketing funds.

Marketing Activities: In addition to advertising, what plans do you have for graphic image support? This includes things like logo design, cards and letterhead, brochures, signage, and interior design (if customers come to your place of business).

Marketing Materials: Explain methods, costs and who will hire to undertake your marketing initiatives such as:

Business Cards/Brochures	Mail outs	Strategic Signage
Magazines/ Newspaper	Presentations	Trade Shows
Internet	Loyalty Programs	Yellow Pages

Plan out your promotional budget and explain how much will you spend on the items listed above before startup and after. Make sure that whatever costs you are assuming are reflected in your 12-month cash flow.

#### 4.5 Pricing Strategy:

For most small businesses, having the lowest price is not feasible as it lowers your profit margin too much, as large competitors can under-price most small businesses. A small businesses pricing is usually market average and the company competes based on quality, service, and flexibility. In this section explain your method(s) of setting your price and how your pricing strategy fits with your competitive analysis. You should also compare your prices with those of the competition. Are they higher, lower, the same? Why?

Also describe your pattern of sales and detail any volume discounts, seasonal variations, turnover rates, and inventory control methods used. Detail your revenue formula for each month/ season or year. Use these numbers to outline your anticipates annual sales for the first three years of operation. Keep in mind that these numbers should be very conservative with annual increases not exceed 15-20%%.

Higher rates of increases are generally considered too optimistic and will negatively affect the rest of your plan.

Are your prices in line with the industry and what your client will pay? Also, explain your sales/credit terms? Do you plan to sell on credit? Is it required in your industry and expected by your clientele? If yes, what policies will you have about who gets credit and how much? How will you check the creditworthiness of new applicants? What terms will you offer your customers; i.e., how much credit and when is payment due? Do you know what it will cost you to extend credit and can your company afford to finance your client's credit? Most small businesses cannot and do not extend credit except for the most loyal of their clients. Finally, describe how you will deal with slow paying customers. When do you make a phone call? Send a letter? Send the account to collections?

Credit

Distribution

## 5.0 Operational Plan

### 5.1 Operations:

Describe your production and or service methods here. Describe the workflow, seasonality of the business, maximum capacity, break-even analysis and formulas used. Conservative production estimate and formula for daily, weekly or monthly goals. Do you have cost controls established? Quality control?

How modern is the technology used in your business and how does it relate to your competitors?

Do you have an after sales service or warranty policy?

Include floor plans, layout and traffic patterns.

Suppliers:

Name

Location

Products Supplied and Quality

Terms

Also describe where the inventory is to be stored, insured and managed/ rotated? Do you have backup suppliers? Describe return policies.

Licenses and Permits Required:

Licensing requirements

Permits

Health, workplace or environmental regulations

Special regulations covering your industry or profession

Zoning or building code requirements

Insurance coverage

**5.2 Labour Costs:**

What is your workforce costs, WCB costs, insurance, benefits, union costs and impact?

Productivity, efficiency?

Labour expertise, recruitment, turnover rates in the industry and training?

**5.3 Location & Facilities:**

Describe the location of the business and of your clients, if customers come to your place of business is it convenient, is parking available? Is it consistent with your image? Is it what customers will want and expect? Where is the competition located? Is it better for you to be near them or distant? Include a drawing or layout of your proposed facility.

The facility you will occupy and your company’s physical requirements such as space, type of building, zoning, power and utility needs. Outline the costs involved with the identified location including rent, maintenance, utilities, insurance, and initial remodeling costs (lease hold improvements) to make it suit your needs. These numbers will become part of your financial plan.

Also describe what impact neighbouring businesses and dominant industries have and could have on your business.

Include maps of the area, region and highlight access roads if they benefit operations. Include floor plans, pictures any anything else that would help paint the picture.

**5.4 Timeline:**

*Timeline of Business Activities*

	Month 1 Week	Month 2 Week	Month 3 Week	Month 4 Week
Purchase/ Installation Capital Equipment				
Development/ Launch of Marketing Activities				
Purchase of Inventory/ Supplies and establishment of Systems				

## 6.0 Management Plan

### 6.1 Key Personnel

Management of any business directly correlates with the companies' success or failure. Lenders are concerned with whether or not you have what it takes to be successful. Highlight information that demonstrates you have the ability to make this business a success. Detail your education, past successes or failures that made you stronger. Indicate how you started this business and what makes you believe it will be a success. Important management issues are training, experience, and most of all the character of those involved in the management of this venture. Include résumés, and certificates.

List each of the management or board of directors and list their names, title, roles and responsibilities, experience, salary, and length of contract, if any. Also, list their weaknesses and the training or assistance required and these associated costs. If necessary include an organizational chart, résumés, and management contracts.

If you have not established key management positions include a recruitment plan with costs.

### 6.2 Professional Support

Accountant:

Lawyer:

Banker:

Business Advisor:

### 7.0 Competitive Analysis

Know your competition. There are two types of competition, direct and indirect. Those that provide the same product, at the same price, to the same client are direct. Those that provide similar products in differing markets or at a different price point are your indirect competitors.

Explain your client's relative importance for your product and the price, quality, selection, customer service, reliability, stability, expertise, reputation, location, appearance, sales method, credit policies, advertising, and image. Also preface this research with a description of the intensity of competition: low, medium or high.

#### 7.1 Indirect Competition:

Outline the Direct Competitors first, followed by an overview of the indirect competitors and how their product/ service compares to yours and their existing estimated dollar sales and market share.

#### 7.2 Direct Competition:

7.3 Competitive Advantages:

Describe the prospects of new competition entering the market and what impact your business will have on the competition.

In one short paragraph, define your niche, your unique corner of the market and remember that your company cannot be all things to all people. In fact, many business fail when they scatter and dilute their efforts in an attempt to please everyone.

7.4 Strategic Alliances:

**8.0 SWOT Analysis**

Specifically, outline the project in the following areas of your SWOT Analysis; Management, Operations, Marketing. Compare your strengths and weaknesses to your competitions. Consider such things as location, size of resources, reputation, services, personnel, etc.

<b>Strengths:</b>	What advantages does our product/service have over those of the competition? What are the unique features, patents, expertise, etc.?
<b>Weaknesses:</b>	What disadvantages does your product or service have?
<b>Opportunities:</b>	
<b>Threats:</b>	

**9.0 Financial Projections**

The pro-forma’s consists of a 12-month profit and loss projection, a three-year profit and loss projection, a three-year projected balance sheet, and 3-year net income statement. Together they represent a reasonable estimate of your company's financial future. More importantly, however, the process of thinking through the financial plan will improve your insight into the inner financial workings of your company.

Profit projections should be accompanied by a narrative explaining the major assumptions used to estimate company income & expenses.

9.1 Assumptions with Financial Statements:

- 8.1.1 Revenues:
- 8.1.2 Operating and Administration Expenses:
- 8.1.3 Debt Servicing
- 8.1.4 Depreciation

**9.2 Detailed Capital Project Costs:**

	Year 1
Capital Equipment	
Marketing	
Inventory/ Supplies	

**9.3 Source and Application of Funds:**

Application of Funds	
Capital & Equipment	
Marketing Development	
Inventory/ Supplies	
Pre-Operating	

Source of Funds	
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**9.4 Revenue Assumptions Table: Year One**

**9.5 Depreciation Schedule:**

Describe contributed assets, their source, age and if an appraisal was done. Also, list if government assistance was obtained to acquire these assets.