



BUSINESS PLAN GUIDELINE

INTRODUCTION

A Business Plan is a comprehensive document that outlines all aspects of a proposed/existing business. How much detail and depth you must develop in your Business Plan will depend on the size and scope of the venture.

A Business Plan is an invaluable tool for starting up and/or managing a successful business. The Plan has several objectives:

- to provide a structured process for determining the viability of your business idea
- to determine the strengths and weaknesses of the business
- to determine who your customers are and developing a plan to market your product (or service) to them
- to determine who your competitors are and outlining how you will differentiate your product or service from the competition
- to prepare a financial forecast for your business

This document outlines the major components of a Business Plan. Although some questions may not apply to your business, complete as many sections as possible.

If you require assistance to complete this document, please call 705-526-1371 extension 110 and you will be directed to a staff member of North Simcoe Community Futures Development Corporation.

1. COVER PAGE

- Business name, address, phone number
- Contact's name, address, phone number
- Can include a logo, if available

2. TABLE OF CONTENTS

- Summary of main facts and plans.
- Although this is the first page of the Business Plan, it is the last page to be completed. It should not exceed 2 pages. It should include: a paragraph that describes your business or business idea; the highlights of the business plan including a short summary of the financial projections and a summary of how the business is to be financed.

3. EXECUTIVE SUMMARY

4. BUSINESS DESCRIPTION

Describe your business in detail:

- Product(s) and/or service(s) provided
- Type of business (i.e. manufacturing, retail, service)
- Status of business (i.e. start-up, expansion, takeover)
- Ownership (i.e. sole proprietorship, partnership, corporation, franchise)
- If a new business, give the anticipated opening date
- Describe the geographical trade area
- List the hours of operation (if applicable)
- Describe any seasonal trends
- Explain where the idea for this business originated
- If an existing business:
 - ⇒ provide a brief history of the business
 - ⇒ provide date of registration or incorporation
 - ⇒ list sales, gross margins and profits to date

5. BUSINESS OBJECTIVES

Objectives or goals for your business should be outlined and should be **SMART**:

- **Specific**
- **Measurable**
- **Attainable**
- **Realistic**
- **Timely**

- Goals may be short-term (by the end of first year)
- Medium term goals (year 2 – 3)
- Long-term goals (year 4 - 5)

For example, some objectives for consideration:

- Gross sales expectations (e.g. to achieve \$100,000 in sales in the first year of operation)
- Number of clients/customers served
- Plans to hire employees (number of employees at what stage)
- Hours of operation (if applicable)
- Making major purchases (e.g. to buy a newer model full size van by Month 12)
- Plans for expansion (e.g. to build another plant, franchise the business, purchase another business, etc.)

A chart format can be useful:

6. MARKET DESCRIPTION

The Business Environment:

The “environment” in which your business operates is something you cannot control. Any or all of the following factors may have an impact on your business. Explain whether or not these factors will create threats and/or opportunities for your venture and why.

- a) Demographics:
i.e. aging population, increasing number of two-income families, increasing/decreasing population, etc.
- b) Economy:
i.e. trends in the inflation rate, average income levels, unemployment levels, general economy of the country or region, etc.
- c) Social Trends:
i.e. increasing concern for the environment, people more interested in exercise and healthy living, etc.
- d) Technology:
i.e. any new technological advances, such as the Internet, that may affect your business either positively or negatively
- e) Political:
i.e. any pending government regulations that could affect your business

The Competition:

- a) Research the competitors who sell similar products and/or services in your trade area, and determine the number to the best of your abilities. Consider various levels of competition: Those which are exactly like you; those which might offer part of what you offer, or something similar to what you offer; and those which sell something entirely different than what you are offering.
- b) Indicate if the number of competitors is increasing or decreasing and explain why.

- c) Explain how you will compete with your competitors - what will make your business different or more desirable.
- d) A chart format can be helpful that outlines the following information:
- Name of competitor
 - Location
 - Service(s) provided
 - Pricing
 - How do they promote themselves?

The Target Market:

Create a profile of your “target market” - i.e. the characteristics of customers who are most likely to purchase your product and/or service.

Explain whether your target market is the Industrial Market (you want to sell to other businesses) or Consumer Market (you want to sell to the general public).

Industrial Market:

- i.e. type of business, size, product application, frequency and size of typical orders, decision-maker, etc.

Consumer Market:

- i.e. age, income, family size, education, lifestyle, frequency of purchase, decision-maker, etc.

Explain why your target market buys the product(s) and/or service(s) you will sell and explain what need(s) is/are being filled by the product(s) and/or service(s).

List the major criteria your customers use when deciding which business to purchase the product(s) and/or service(s) from.

- i.e. price, quality, delivery time, level of customer service, credit terms, reputation, product features, etc.

Conclude with an actual number of potential customers in your target market.

Market Research:

Market Survey:

Now that you have identified your target market (potential customers), you want to know what they think about your product or service. Create a market survey, then go out and question people who could be your potential customers. Keep the questionnaire brief - only 8 to 12 questions. Use a variety of questioning techniques, keeping questions fair and free of bias. Ask if the person would use your product or service, how often they would use it and what they would pay for it. Include other questions that will help you determine how best to reach and serve your customers/clients. Be sure to survey a representative sample of your target market.

Raw Results:

Compile your survey results, tabulating the numbers for each response.

Survey Analysis:

Using the survey results, prove that a market exists for your product or service. Then project your sales figures for the first year of operation.

7. MARKETING STRATEGY

Product:

Create a “menu” of your products and/or services. Put your list into appropriate categories, if necessary.

Pricing:

List the prices you will charge for your products(s) and/or service(s).

Show how these prices are calculated. Explain what pricing strategies you are using. i.e. most businesses price their products or services based on a number of factors, such as competitor’s pricing, what the market will bear (market survey results), cost of goods sold, etc.

Provide the credit terms, if any, you will offer to your customers.

List any discounts and/or allowances you will offer to your customers.

Place:

a) *Location:*

- Describe your business location
- Explain the advantages of your location
- If you have not selected a location yet, explain the criteria you will use when selecting the site
 - i.e. cost (purchase or lease, cost of utilities, other fees), access to customers, location of competition, appearance, visibility, zoning, security, access to transportation lines, parking facilities, traffic flow, access to employees, community services, compatibility of neighbouring businesses etc.

b) *Distribution (Manufacturers Only):*

- Explain how you will distribute your product to the end-user
 - i.e. wholesalers, distributors, retailers, etc.
- List and describe any of the agents who have already agreed to distribute your product

- Include a copy of any contract(s) you have signed with your distributor(s) as an appendix to your Business Plan

Promotional Plan:

Describe the methods you will use to promote your product(s) and/or service(s).

List all costs associated with your promotional ideas – promotion costs are usually budgeted at 2 to 4% of gross sales.

Outline the amount you intend to spend in total for promotion in the next year (i.e. annual promotional budget).

a) *Personal Selling:*

- Describe your personal selling strategy and tactics and the networking opportunities you can use.

b) *Advertising:*

- List the form(s) of advertising which is/are the most effective for your business
- Explain why this form(s) of advertising is/are the most effective for your business
i.e. radio, newspaper, television, brochures, direct mail, etc.

c) *Sales Promotion:*

- Outline your plans for promoting your product(s) and/or service(s) - give away items such as caps, fridge magnets, mugs, etc., coupons, samples, trial offers, frequent user cards, etc.

d) *Public Relations and Publicity:*

- Describe any plans you have for building positive public relations or obtaining free publicity for your business
- Create a media release announcing your opening
- Outline plans for media releases in the future
- Consider working with a favourite charity to develop positive publicity

8. OPERATIONS

Personnel:

- List the job titles (include any owner(s)/manager(s)) of all people to be employed by your business; include any “angel helpers” (friends or family who will work without pay)
- Indicate whether employees are full-time or part-time
- Provide the wage or salary each of the employees will be paid
- If you plan to hire any additional employees within the next year, describe as above

Advisors:

- List the names, addresses and functions of any individuals or organizations who will be working with you to ensure your business is a success (you will want to include business advisors as well as technical advisors who are specific to your type of business)
 - i.e. lawyer, accountant, business consultant, government representatives, community/industry organizations, etc.

Suppliers:

- List the major suppliers
- List the product(s) and/or service(s) each supplier will sell to you
- List back-up suppliers in case of emergency
- Include any insurance requirements

Government Regulations:

- List government regulations (business name registration, Harmonized Sales Tax (HST), Employer Health Tax (EHT), Workplace Safety and Insurance Board (WSIB), employee deductions, etc.), licenses, permits and insurance requirements that pertain to your business
- Indicate whether the items have been addressed
- If applicable, explain proceedings for environmental assessment

9. FINANCIAL PLAN

Financing Requirements:

- List (be very specific) all items for which you require financing
- Provide an estimated cost for each item listed
- State the amount that you will need for business start-up

Sources of Financing:

- List your proposed sources of financing
- Give the amount that you anticipate each source is going to provide to your business
- Detail the repayment terms for each funding source
 - i.e. personal investment, NSCFDC loan, bank or credit union term loan, operating line of credit, venture capital company, private investors, etc.
- Include confirmation letters in your Business Plan for any lender(s) and/or investor(s) that have already agreed to help finance the business

Collateral for Loan(s):

- List the items you are willing to use as collateral for any loans as well as their estimated value

Business Collateral:

- i.e. accounts receivable, inventory, equipment, vehicles, etc.

Personal Collateral:

- Include a Personal Financial Statement

i.e. personal guarantee, home equity, stocks/bonds, automobile, other investments, co-signer(s), etc.

Financial Statement Projections:

- Create a spreadsheet showing your projected cash flow for the next 12 months of business operations
- Include a projected Income Statement and a projected Balance Sheet (see separate document)
- Cash Flow and Income Statement projections should be done monthly for at least one year
- Include year end projections for Years 2 and 3
- Write “Assumptions” explaining how all projected amounts were calculated

10. APPENDICES

Include any extras that will support your Business Plan, for example:

- Owner/management resume(s)
- Owner’s Personal Financial Statement(s)
- Business mission statement
- Media release samples
- Letters from vendors
- Letters from customers
- Copy of major contract(s) or copy of lease agreement(s)
- Copy of certificates, diplomas, licences, etc. required by owner or personnel
- Drawings/photos/brochures of products and/or services
- Drawings/maps of business location, layout, competitors’ locations, etc.
- Promotional campaign - samples of flyers, advertisements, etc.

[insert logo if available]

BUSINESS PLAN - COVER PAGE

Business name:

Business Address:

Business Telephone Number:

Business Website:

Business Email Address:

Contact's name:

Contact's Address:

Contact's Telephone Number:

Contact's Email Address:

TABLE OF CONTENTS

EXECUTIVE SUMMARY

BUSINESS DESCRIPTION

Describe your business product(s) and/or service(s):

Type of business: (i.e. manufacturing, retail, service)

Status of business: (i.e. start-up, expansion, etc.)

Ownership: (i.e. sole proprietorship, partnership, corporation, franchise)

Anticipated opening date: (if this is a new business)

Description of the businesses geographical trade area:

Hours of operation (if applicable):

Describe seasonal trends (if they apply):

Background of business idea: (explain where the idea for this business originated)

Existing businesses:

- ⇒ provide a brief history of the business
- ⇒ provide date of registration or incorporation
- ⇒ list sales, gross margins and profits to date

BUSINESS OBJECTIVES

Outline the goals (objectives) for your business (using **SMART**), short and long-term.

- **S**pecific
- **M**easurable
- **A**ttainable
- **R**ealistic
- **T**imely

TIMELINE	SHORT TERM GOALS (First Year)
<u>Month</u>	OBJECTIVES
<u>January</u>	
<u>February</u>	
<u>March</u>	
<u>April</u>	
<u>May</u>	
<u>June</u>	
<u>July</u>	
<u>August</u>	
<u>September</u>	
<u>October</u>	
<u>November</u>	
<u>December</u>	

TIMELINE	MEDIUM TERM GOALS (Year 2 and 3)
<u>Year</u>	OBJECTIVES
<u>Year 2</u>	
<u>Year 3</u>	

TIMELINE	LONG TERM GOALS (Year 4 and 5)
<u>Year</u>	OBJECTIVES
<u>Year 4</u>	
<u>Year 5</u>	

MARKET DESCRIPTION

The Business Environment:

Outline any factors that may have an impact on your business. Explain whether or not these factors will create threats and/or opportunities for your venture and why.

- f) Demographics:
 - i.e. aging population, increasing number of two-income families, increasing/decreasing population, etc.
- g) Economy:
 - i.e. trends in the inflation rate, average income levels, unemployment levels, general economy of the country or region, etc.
- h) Social Trends:
 - i.e. increasing concern for the environment, people more interested in exercise and healthy living, etc.
- i) Technology:
 - i.e. any new technological advances, such as the Internet, that may affect your business either positively or negatively
- j) Political:
 - i.e. any pending government regulations that could affect your business

The Competition:

Competition Profile

Company Name	Location	Service(s) Provided	Pricing	How do they promote themselves?

Indicate if the number of competitors is increasing or decreasing and explain why:

Explain how you will compete with your competitors - what will make your business different or more desirable:

The Target Market:

Customer Profile(s):

Primary:

Secondary:

Market Research:

Market Survey [survey a representative sample of your target market]:

Develop market survey questions (8 – 12 questions), then go out and question people who could be your potential customers. Keep the questionnaire brief - only 8 to 12 questions. Use a variety of questioning techniques, keeping questions fair and free of bias. Ask if the person would use your product or service, how often they would use it and what they would pay for it. Include other questions that will help you determine how best to reach and serve your customers/clients.

Raw Results:

Compile your survey results, tabulating the numbers for each response.

Survey Analysis:

Using the survey results, prove that a market exists for your product or service. Then project your sales figures for the first year of operation.

MARKETING STRATEGY

Product(s) / Service(s) / Pricing:

List your products and/or services. Sort your list into appropriate categories, if necessary.

Product or Service	Pricing

Outline the credit terms, if any, you will offer to your customers.

List any discounts and/or allowances you will offer to your customers:

Promotional Plan:

<u>Month</u>	<u>Type of advertising</u>	<u>Cost</u>
<u>January</u>		
<u>February</u>		
<u>March</u>		
<u>April</u>		
<u>May</u>		
<u>June</u>		
<u>July</u>		
<u>August</u>		
<u>September</u>		
<u>October</u>		
<u>November</u>		
<u>December</u>		

Location:

Describe your business location:

Explain the advantages of your location:

If you have not selected a location yet, outline the criteria you will use to select a site:

Distribution (Manufacturers):

Explain how you will distribute your product to the end-user (i.e. wholesalers, distributors, retailers, etc.):

List and describe any of the agents who have already agreed to distribute your product (include contracts if applicable in the appendices)

OPERATIONS

Personnel (if applicable):

- List the job titles (include any owner(s)/manager(s)) of all people to be employed by your business; include any “angel helpers” (friends or family who will work without pay)
- Indicate whether employees are full-time or part-time
- Provide the wage or salary each of the employees will be paid
- If you plan to hire any additional employees within the next year, describe as above

Advisors (as applicable):

Professional Services:

Legal:

Operations:

Sales:

Administration:

Production:

Suppliers:

- List the major suppliers
- List the product(s) and/or service(s) each supplier will sell to you
- List back-up suppliers in case of emergency
- Include any insurance requirements

Government Regulations:

- List government regulations (business name registration, Harmonized Sales Tax (HST), Employer Health Tax (EHT), Workplace Safety and Insurance Board (WSIB), employee deductions, etc.), licenses, permits and insurance requirements that pertain to your business
- Indicate whether the items have been addressed
- If applicable, explain proceedings for environmental assessment

Environmental Statement:

FINANCIAL PLAN

Complete the spreadsheet showing your projected cash flow for the next 12 months of business operations (minimum).

Assets in Place

<u>Asset</u>	<u>Value</u>

FINANCIAL SUMMARY OF THE BUSINESS

PURCHASES TO BE MADE:

SOURCES OF FUNDS:

Land		Owners Cash Investment	
Buildings		Private Lenders	
Building Improvements		NSCFDC Loan	
Vehicles		Other Lenders	
Machinery & Equipment			
Furniture			
Inventory			
Office Equipment			
New			
Used			
Operating Expenses			
Other			
TOTAL (A)		TOTAL (B)	

NOTES: Total (A) and (B) must equal.

Financial Statement Projections:

- Complete NSCFDC’s spreadsheet showing your projected cash flow for the next 12 months of business operations (minimum). Include “Assumptions” where necessary to explain how all projected amounts were calculated
- Income Statement (separate document)
- Balance Sheet (separate document)

APPENDICES

- Owner/management resume(s)
- Owner's Personal Financial Statement(s)
- Master Business License (or Articles of Incorporation)
- Business Insurance Certificate
- Business mission statement
- Media release samples
- Letters from vendors
- Letters from customers
- Copy of major contract(s) or copy of lease agreement(s)
- Copy of certificates, diplomas, licences, etc. required by owner or personnel
- Drawings/photos/brochures of products and/or services
- Drawings/maps of business location, layout, competitors' locations, etc.
- Promotional campaign - samples of flyers, advertisements, etc.