



Community Futures St. Paul - Smoky Lake Region
Corporate Head Office
P.O. Box 1484
4802 – 50 Avenue
St. Paul, AB T0A 3A0
Phone/Fax 780-645-5782

admin@cfpspl.ca

www.cfpspl.ca

Business Plan

Workbook

Name: _____

Address: _____

Phone: _____

Date: _____

Components of a Business Plan

A business plan has two main purposes. The first is that it will be required by financial institutions if you are applying for a loan or a credit. The second and most important purpose is for yourself. The business plan is an important tool for any size or type of business operation. It provides you with focus and direction. Your business plan will force you to examine all aspects of your new or existing business venture.

The business plan includes information on your product or service, your competition and customers, sales projections, marketing plans, and general operation of the business. It should also include opportunities and threats of your business venture, the resources you require to operate, and projected financial statements.

The following is an outline for a sample business plan. Depending on the nature of your business idea, certain items may not be applicable. **“No one plans to fail; they fail to plan” Author unknown**

Executive Summary

- ❖ Provide a summary of what will be included in the plan.
- ❖ Outline the goals and objectives, products or services, and how you will market the products or services.
- ❖ Provide a summary of the amount and type of funding you will require.

Background/History

- ❖ Provide some background information on how your business idea developed and the product or service you are interested in.
- ❖ Describe the structure of your business.
- ❖ When the business started.

Management

- ❖ Show and describe the ownership structure and contributions to the business.
- ❖ Who is involved – provide resumes of all partners.
- ❖ Personal financial statements of all partners may be required.

Products/Services

- ❖ Describe the product and/or service.
- ❖ What is your product/service’s strengths, growth history, potential, trends.
- ❖ What is the application and possible uses of the product/service.
- ❖ Include any copyrights/patents/trademarks/etc.
- ❖ If applicable include designs or pictures.

Marketing

- ❖ Define your target market – who will buy your product/service, where are they located, and when will they buy.
- ❖ Estimate the total size of the market and your market share.
- ❖ Analyze your major competition – strengths, weaknesses, pricing, current market share.
- ❖ Describe what type of marketing and advertising you will use and the costs.
- ❖ Address service and warranty issues.
- ❖ Address credit policies.
- ❖ Discuss your pricing scheme.
- ❖ Discuss your location.

Operation/Production Issues

- ❖ Discuss Suppliers and their terms for payment.
- ❖ Hours of operation.

- ❖ Quality control issues.
- ❖ Number of employees, full time, part time and wage schedules.

Start Up Costs

- ❖ Itemize and estimate all costs that will be associated with start up – any expense incurred prior to opening:
 - a) Incorporation Costs
 - b) Accounting Costs
 - c) Pre-Opening Advertising
 - d) Pre-Opening Travel and or Training
 - e) Pre-Opening Supplies
 - f) Inventory
 - g) Insurance
 - h) Wages
 - i) Licenses
 - j) Security Deposits
 - k) Equipment
 - l) Vehicles
 - m) Leasehold Improvements
 - n) Furniture

Financial Forecasts

- ❖ The worksheet on last page is an outline to prepare your financial forecasts. The worksheet is very important in determining your financing requirements.
- ❖ Enter your start up costs, as they are part of your worksheet.
- ❖ Estimate sales and expenses for two years. Clearly state all pricing and sales assumptions.
- ❖ State your cost of goods sold if applicable.
- ❖ If you are purchasing a business include past financial data.

Other Information

- ❖ Bank Branch – Loans Officer Name
- ❖ Accountant's Name
- ❖ Lawyer's Name
- ❖ Other product information

Things to Consider When Purchasing an Existing Business:

Goodwill – is the value of intangibles related to the business. This includes items such as location, reputation, customer lists, franchises, suppliers arrangements, quality of personnel, etc.

- ❖ Be careful not to pay too much for goodwill.
- ❖ Don't rush into the decision. Take your time and verify the information you are given. Ask for past financial statements.
- ❖ Buy a business within an industry you have knowledge of and are comfortable working in.
- ❖ Buy based on the return on investment not the price.
- ❖ Don't use all your cash for the purchase leaving nothing for working cash.
- ❖ If the asking price includes inventory/equipment get an itemized list.
- ❖ Is there a lease agreement in place? What are the conditions?
- ❖ Why is the present owner selling the business?
- ❖ Is the present owner planning to open a new business in direct competition with you?
- ❖ Have the company's sales and net profits been increasing or decreasing?
- ❖ How collectable are the account receivable?
- ❖ What liabilities/payables will you be responsible for?

Instructions:

Please try and complete the plan to the best of your ability. Should you require help with any section, Community Futures St. Paul - Smoky Lake Region will assist you. Since you will be running the business, it is imperative you familiarize yourself with the complete business plan.

BACKGROUND INFORMATION

Incorporate _____ Proprietorship _____

Partnership _____ Other _____

List all shareholders, or main principal (name, address & percentage owned).

Date of incorporation of proposed business commencement? _____

Are there any other key dates?

1. Products/Service

Provide a detailed description of each of your products/services.

What is the long-term outlook for your particular product/service? (3 to 5 years)

2. Market

Who will be your potential target market? (potential customers)

Describe briefly the characteristics of your target market. (age, location, their interest in your product/service, etc.)

Why do you feel there is a good market for your product/service?

If you are an existing business, describe how your product/service has been received?

3. Competition

In economics, "competition" is the rivalry among sellers trying to achieve such goals as increasing profits, market share, and sales volume by varying the elements of the marketing mix: price, product, distribution, and promotion. Knowing who your competitors are, and what they are offering, can help you to make your products, services and marketing stand out. It will enable you to set your prices competitively and help you to respond to rival marketing campaigns with your own initiatives.

You can use this knowledge to create marketing strategies that take advantage of your competitors' weaknesses, and improve your own business performance. You can also assess any threats posed by both new entrants to your market and current competitors. This knowledge will help you to be realistic about how successful you can be.

List the number of competitors in your market area?

<u>Name</u>	<u>Location</u>	<u>Product/Service</u>	<u>Price</u>	<u>% of Market</u>
-------------	-----------------	------------------------	--------------	--------------------

1.	<hr/>			
2.	<hr/>			
3.	<hr/>			

Your business will differ from your competitors because?

Advantages over competitors:

	Your Product	Competitors
Price	_____	_____
Quality	_____	_____
Product	_____	_____
Uniqueness	_____	_____
Availability	_____	_____
Service	_____	_____

4. Market

What will be your selling term(s) (will you have a credit policy ex: 30 days etc. If yes, what percentage of sales will be in credit or cash?). Also, consider if you will need merchant services. (Debit/Credit Card machine – purchase or rental)

What geographical area will you promote your product/service in?

How will you promote your product/services? (advertising, newspapers, flyers, social media, etc.)

5. Operations

Give a description of the location of your business. (address, size of building, rent, amount of land, costs of land and building if purchasing)

Why have you chosen this location? Will leasehold improvements be needed? (details)

What type of equipment will you need to purchase? (indicate cost and installation charges, and from where purchases will be made)

Where will the supplies and materials (inventory) be purchased? (show suppliers name and address and indicated costs and terms) (attach a list if not sufficient room)

Will there be a need for permits, special licenses, certificate, etc?

Apart from the owner, what other manpower will be needed and what wages will be paid to them? (give job descriptions with specific position details)

6. Capitalization

The amount of money you require and what it will be used for. Also, indicate sources whether its personal or financed. (including sources of new or existing credits/financing)

Indicate, if looking to borrow, when the money will be paid back and at approximately what rate?

7. Security

What are you prepared to offer for collateral? (if applicable) (provide details)

8. Management

Who will play the key management roles? (attach a resume outlining the personal history)

What will the management be paid?

What would you consider the strengths and weaknesses of the proposed operator/s?

9. References

Type of Account

Name of Bank

Checking

Savings

Name of Accountant: _____

Name of Lawyer: _____

Other Professionals: _____

10. Financial Plan and Projections

What do your financial projections indicate as to the success and profitability of your proposed business?

- a) 12 month cash flow projections
- b) 2 year pro forma profit and loss statement
- c) Opening balance sheet

Break-even analysis is used to determine when your business will be able to cover all its expenses and begin to make a profit.

Break-even point = fixed costs/ (unit selling price – variable costs)

Profitability is ability of a company to use its resources to generate revenues in excess of its expenses. What is your projected profit?

Net Profit = Revenue - costs of goods sold and expenses

Personal Resume (please attach a resume if you already have one prepared)

Please prepare a separate resume for each key individual, administrative as well as technical. Copies are provided.

Name: _____ Telephone: _____

Address: _____ How long: _____
(Present)

(If less than 5 years provide previous addresses)

Address: _____ How long: _____
(Former)

Address: _____ How long: _____
(Former)

Employment: _____ How long: _____
(Present)

Employment: _____ How long: _____
(Former)

Employment: _____ How long: _____
(Former)

Responsibilities, experience, education and background directly related to this business.

FINANCING CHECKLIST

Here is a basic management checklist to ensure that, at least in the start, proper consideration has been given to the financial factors.

	YES	NO
1. Have you completed cash flow projections for the first year of operation?	_____	_____
2. Have you completed a pro forma balance sheet and income statement for the first year of operation?	_____	_____
3. Have you allowed for the following expenses in the financial planning?		
Rent	_____	_____
Supplies	_____	_____
Utilities	_____	_____
Equipment	_____	_____
Furnishings	_____	_____
Licenses	_____	_____
Telephone	_____	_____
Wages & Salaries	_____	_____
Benefits	_____	_____
Inventory	_____	_____
Advertising & Promotion	_____	_____
Professional Fees	_____	_____
Transportation	_____	_____
Tax (Land/Property/GST)	_____	_____
Interest	_____	_____
4. Have you determined the amount of capital needed to start the business?	_____	_____
5. Have you allowed for a living wage for the owner/manager?	_____	_____
6. Have you determined how much of this capital can be raised by owner/manager?	_____	_____
7. Has the owner/manager enough reserve cash to pay the bills during the early months of the business?	_____	_____
8. Have you determined the potential return on investment in this business?	_____	_____
Is it an acceptable figure?	_____	_____
9. Have you investigated the following financing options and determined which ones apply?		
Personal equity	_____	_____
Friends and family	_____	_____
Banks and near-banks	_____	_____
Trade Credit/Vendor financing	_____	_____
Venture capital	_____	_____
Franchising	_____	_____

Annual Cash Flow Chart _____ First Year of														
Operations	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12		
Sources of Income														
Sales & Receipts														
Other Income														
Total Cash Inflows														
Cash Outflows - Expenses														
Advertising														
Bank Services & Charges														
Credit Card Fees														
Delivery / Freight														
Insurance														
Loan Interest														
Miscellaneous														
Office Supplies														
Payroll														
Payroll Taxes														
Professional Fees														
Rent or Lease														
Subscriptions & Dues														
Supplies														
Taxes & Licenses														
Vehicle														
Gas & Maintenance														
Utilities														
Telephone - Internet														
Subtotal														
Other expenses														
Capital Purchases														
Loan Principal														
Shareholder Withdrawal														
Other														
Subtotal														
Total Cash Outflows														
Ending Cash Balance														
<i>Created By Community Futures St Paul - Smoky Lake</i>											Surplus (Deficit)			

Annual Cash Flow Chart _____ First Year of																
Operations	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12				
Sources of Income																
Sales & Receipts																
Other Income																
Total Cash Inflows																
Cash Outflows - Expenses																
Advertising																
Bank Services & Charges																
Credit Card Fees																
Delivery / Freight																
Insurance																
Loan Interest																
Miscellaneous																
Office Supplies																
Payroll																
Payroll Taxes																
Professional Fees																
Rent or Lease																
Subscriptions & Dues																
Supplies																
Taxes & Licenses																
Vehicle																
Gas & Maintenance																
Utilities																
Telephone - Internet																
Subtotal																
Other expenses																
Capital Purchases																
Loan Principal																
Shareholder Withdrawal																
Other																
Subtotal																
Total Cash Outflows																
Ending Cash Balance																
<i>Created By Community Futures St Paul - Smoky Lake</i>											Surplus (Deficit)					

Annual Cash Flow Chart _____ First Year of												
Operations	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Sources of Income												
Sales & Receipts												
Other Income												
Total Cash Inflows												
Cash Outflows - Expenses												
Advertising												
Bank Services & Charges												
Credit Card Fees												
Delivery / Freight												
Insurance												
Loan Interest												
Miscellaneous												
Office Supplies												
Payroll												
Payroll Taxes												
Professional Fees												
Rent or Lease												
Subscriptions & Dues												
Supplies												
Taxes & Licenses												
Vehicle												
Gas & Maintenance												
Utilities												
Telephone - Internet												
Subtotal												
Other expenses												
Capital Purchases												
Loan Principal												
Shareholder Withdrawal												
Other												
Subtotal												
Total Cash Outflows												
Ending Cash Balance												
<i>Created By Community Futures St Paul - Smoky Lake</i>											Surplus (Deficit)	