



## **PREPARING A BUSINESS PLAN**

A business plan provides you with a clear and concise guide for running your business and making decisions related to it.

A well researched business plan is the working document you will use to: define the operations of your business, help you understand where you are today, assess the risks associated with start up, and what you will need for the future.

The FVSEP Business Advisor, Program Manager, and the Review Panel will use the completed plan to assess the viability of your business idea. It will also assist them in understanding the unique nature of your business and how it relates to the marketplace in which it will operate.

This Business Plan can also assist you in obtaining outside financing by making it easier for lenders or investors to assess your financial proposal.

### **Why Prepare A Business Plan?**

- A business plan encourages realism.
- A business plan helps you identify your customers, market area, target market, pricing strategy, strengths and weaknesses, and competitive advantages and disadvantages.
- By committing plans to paper, your overall ability to manage the business improves. You will be able to see your own personal strengths and weaknesses.
- The process of planning allows you to look at future business activities thereby anticipating and avoiding operational and support problems before they arise.

The format used for FV SEP business plan development covers all necessary points and communicates clearly the nature of the business opportunity. However, if there are important and relevant issues about your business that are not considered in this format, create a section in your plan to accommodate them.

Writing the business plan will not likely follow the format shown in this handout. For instance, you will be better prepared to write the executive summary after you have completed your whole plan. The reader however, will want to read this first to have the summary in mind while learning about your specific plans. The table of contents will have to be prepared after the document is completed in order to be accurate. Some of the material for the Market Analysis you may have already written when you completed market research and can be simply cut and pasted into the business plan if it is up to date. You may be able to do the same for the Marketing Plan portion of the business plan.

## **Business Plan Format**

### **Title Page**

#### **Should Contain:**

- Business name (and logo if appropriate).
- Business address, phone number, email (or home address)
- Prepared by "Your name".
- Be sure to include the year(s) that the business plan covers.
- The title page should be neat and professional to give readers confidence in the business, the plan, and you.

For Example:

Business Plan of:

***Acme Enterprises***

2008/2009

1234 ANY STREET  
Abbotsford, BC  
V2V 2V2

Phone: (604) 123-4567  
email: joe@acme.com  
web: www.acme.com

Prepared by: Joe Acme  
Date

This business plan is the property of Joe Acme and all contents are confidential.

## **Table of Contents**

The Table of Contents allows readers to locate information quickly and easily. It should be completed after the entire business plan is complete and the pages are numbered.

For example this business plan guide has the following table of contents:

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## **Executive Summary**

A one or two page summary of the key points covered in your plan.

### **It should include:**

- A brief description of the business including a description of the product or service.
- Why you are going into business.
- Who your customers are. Specify the primary and secondary market(s) (e.g. 60% of their sales are to retailers and 40% are to consumers). It should also identify the method of distribution to your market (e.g. consumer sales are made through home parties).
- Your competitive advantage.
- Highlight projected financial results; your expected annual sales and profits, how much money is needed to start the business, how much money you need to borrow and what it will be spent on.
- A brief statement of why the business will succeed.

## **Vision and Mission Statement**

The vision and mission statement should reflect long-term goals of the company and its' relationship to the community in which it operates.

- Long-term vision of what you want the business to become.
- Highlights may include: business strategies, philosophies, or relationships with customers, employees, and the community.
- A vision statement describes the future successful expectations of the business – it should be clear, specific, and realistic.
- A mission statement is a brief statement which expresses the purpose or function of the business and how the business will fulfill its purpose.

## **Milestones**

Business milestones are the goals that are set out for the business. They should be divided into short term (first 4 quarters) and long term (1 to 5 years).

Ensure that these are:

- Realistic - can be verified or supported that they are attainable.
- Measurable - must be a tangible goal that can be measured at the end to see if the milestone was reached.
- In A Set Time Frame - specified when it will be achieved.

Milestones may include: strategic, financial, short-range, & long-range.

For instance:

- in Q1 all my marketing material including my website will be completed.
- in Q2 I will have made 40 contact calls seeking appointments and will have joined Chamber of Commerce and Valley Women's Network.
- in Q3 I will have closed 4 sales and have 3 in progress. I will have made 20 more calls.
- 

## **The Company**

Gives an overall view of company structure, why you have chosen this business, and what experience and training you have in this industry.

### **Nature of the Business**

- Type of operation (retail, manufacturing, service etc)

### **History**

- If you are purchasing a business, highlight the history and background of the company and why it is being sold.
- If you are starting a business, explain why you decided to start this particular business. How does your skill set match this business idea?
- Specify the reasons why this business will succeed.

### **Ownership and Company Structure**

- Ownership structure – principle owners
- Legal structure (sole proprietorship, partnership, corporation, co-operative)
- Legal name of the business.

### **Products and Services**

An overview of what products and /or services you bring to the marketplace.

- Provide a clear description of the products and/or services and their key features and benefits.
- Describe the production and/or service process and any competitive advantages you may have.
- Explain key service policies and the competitive advantages.
- Highlight any future products or services you plan to offer.

### **Management and Staffing**

Who are the key people in your business and what are their roles?

- Describe the management and staffing structure of the business.
- Briefly outline duties, responsibilities and relevant skills as owner of the business.
- Identify key positions within the business and the reporting relationships, qualifications, wage rates, benefits, and what training that will be provided or needed.
- Include any support persons such as accountants, bookkeepers, and lawyers.

### **Business Operations**

This section describes the day to day operation of the business and its location.

- List the hours of operation.
- List the licenses, regulations and insurance that apply to their business, the costs and when you plan to obtain them (include general liability insurance).
- Include any organizational charts, flow charts, time management charts or schedules as required.

### **Suppliers**

- List who your suppliers are, their phone numbers, and their contact names.
- Highlight terms of credit, delivery terms, and prices or discounts.

### **Facilities / Location**

- Describe where the business is located and what facilities are there.
- Include company address, description of the site, size of facilities and lease/rent arrangements (length, price, utilities, taxes, insurance, and maintenance).
- List major equipment and leasehold improvements required and the costs associated with those.
- If home based describe how zoning regulations will impact the business.

- Discuss how the location of your business adds to the success of the business.
- Describe volume of traffic, parking, availability of public transportation, trends in the area (is it growing or shrinking in size), type of stores in the area and the drawing factor.

### **Market Research**

What you learned in the marketplace to help you decide that this business idea is viable.

- Highlight the results of the market research, the methods used and how it helped you determine that there is a demand for your product/service.
- Define their target markets – who are their customers? (age, gender, income level, career aspirations etc.)
- Volume; how many items or how many times will customers use your service, how much are they willing to pay?
- What type of service and selection will your customers expect?
- Summarize the primary research done to write the business plan: surveys, letter of intent or discussions with key people.
- Summarize the secondary market research done to write the business plan: reviewed statistics, trends, magazine or newspaper articles, or discussions with key people.
- Briefly explain the methods used for your market research (primary, secondary, surveys).

### **Market Analysis**

Present an overview of the industry in which your business will operate. This is also where you will describe how your business will successfully complete in the marketplace.

#### **Industry Description**

- Describe the industry in which the business will be operating.
- Discuss the industry (size, trends, target markets, key products or services, market segments, customer buying criteria, and the overall industry outlook).
- Timing – is the industry dependant on the time of year to make purchases?
- Common costs and profit margins.
- Standards and regulations affecting the industry.

#### **Competitive Analysis**

- Give a detailed analysis of your competitive position, including descriptions of your competitors, their products and services and market share.
- Outline your SWOT analysis (Strengths, Weaknesses, Opportunities, and Threats).
- Identify and summarize any indirect competition..

## **Competitive Advantage**

- Describe the competitive advantages your product/service will have over the competition.
- Explain how you will overcome any weaknesses or threats (SWOT).
- Describe why your business will succeed, using your competition as the starting point.

## **Marketing Strategy**

This section illustrates how you will get your product or service into the marketplace. It defines your target market, marketing strategy, competition and suppliers.

### **Pricing**

- Show what the cost of providing your product or service, and how they were calculated (sales forecast).
- Identify your mark up / profit.
- Show your selling price for the products and services offered – include a price list if many products are offered.
- Describe your pricing strategies and tactics (discounts, lower prices than competition etc).

### **Promotion**

- List the How, When, and Where of promotion:
  - How?** - What methods will you use (press releases, discounts, coupons, media, newspaper ads, direct selling etc).
  - Where?** - What geographic area will be covered by your promotion plan?
  - When?** - At what time of year will the various forms of promotion occur, how often and for how long?
- Discuss the effectiveness of your advertising and promotion strategies (budgets, in-house promotions, signage, donations, media advertising, sales, and discounts).
- Describe your sales strategy (customers, sales tools, sales objectives, staff, and guarantees).
- Give success indicators (marketing, pricing, customer service, product selection and quality).
- Client tracking methods (method for confirming who your customers are, where they heard about you, and what products or services they prefer).

### **Environmental Impact**

More than ever before, consumers are examining their impact on the environment. Part of the consumer's quest for good eco practices is the expectation that the businesses and services they use are doing their part too. In this section, describe the following as it applies to your business:

- How your choice of suppliers shows consideration of environmental impact.
- What measures will you implement in the day to day operation of your business to reduce paper waste, natural resources, noise, and other factors considered important?
- How your product and/or service positively affects the environment: adherence to regulations, environmentally friendly programs, and industry standards

### **Community Benefits**

Your business plays an important role in the social fabric of your community. By providing employment for yourself and others your business has a positive effect on the economy. Beyond those factors, many business owners believe that their role includes providing positive change in the community.

- Describe any social or health benefits your product or service may have for your customers and the importance of these benefits.
- Discuss any community or economic contributions your business will make to social programs.
- Describe which volunteer activities you and your company plan to be a part of.

### **Summary of Financial Projections**

Financial planning for your business is crucial and you have made many critical decisions about your business. Take your vision, goals, and market research to connect them to your financial plan. This section explains how much money you will need to start the venture and the proposed sources of financing. The financial statements will forecast how the money will come into the business and the expenses involved.

- Summarize in words, the highlights of the financial plan.
- Briefly describe sales projections for year one.
- Give revenue assumption and any collection assumptions.
- Outline the cash flow statements for the first year of operation.

## Financial Plan

### The Financial Plan Should Include:

- **Start-up costs** - A new business features two types of expenses: one-time expenses and operating expenses. Estimate these costs and add them to the cash flow statement.

Your **one-time expenses** section may include, but are not limited to:

Down payment or deposit on fixtures or equipment (computer, printer, telephones)	Name and business registration fees, registering a corporation.
Licenses or permits	Product development costs
Promotions for opening	Starting inventory
Utility set-up fees	Vehicles

The **operating expenses** section of your business plan may include, but are not limited to those listed below.

Advertising / marketing	Distribution
Insurance	Rent / Lease
Loan payments plus interest	Salaries
Maintenance	Utilities
Professional fees ( <i>lawyer, accountant</i> )	Management fees
Raw materials / manufacturing costs	Vehicle expenses

- **Proposed and secured sources of financing**
- **Projected Activity Revenue Worksheet: year one**
- **Projected Cash Flow Worksheet: year one**
- **Break-Even Analysis**
- **Previous Financial Statements (for existing businesses)**

## **Appendices**

The appendices include documents needed to support your assertions which are not included in the other sections of the plan. Some supporting documents may include, but are not limited to:

- Resume of owner(s)
- Letters of intent from suppliers
- Letters of support from their target market (like reference letters)
- Contracts / pending contracts
- Samples of:
  - advertising
  - business cards
  - pictures of product
- Legal documents pertaining to the business
- Samples of competitors' ads
- Certificates and awards
- Equity list (list of assets you are putting into the business)
- Include professional and personal references
- Flow chart / business organization chart – if required
- Floor Plans