

Business Planning Guide



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BUSINESS PLAN

Business Planning Basics

Business Plan Definition

A business plan is a written summary of your business, what you wish to achieve by being in business and how you intend to organize your resources to meet these goals.

It is a road map of where you want your business to go, the stages you will go through to get there and where you will be once you reach your destination. This helps eliminate unknowns and misunderstandings that can arise if you don't put your thoughts, plans and research on paper.

It is an outline of the business' availability and use of funds, its management and employee personnel, its products or services, its market strategy, as well as other goals and objectives. It highlights the past (if there is one), present and future of the business.

Whether you are already operating or just starting a small business, a well written business plan can help you get to where you want to go, effectively and efficiently.

Write a business plan, use it, and revisit it often. As your business grows, things around you will change—and your plan should grow right along with it.

Business Plan Purpose

- Encourages you to think critically about your business concept
- Helps you assess and validate your idea—thorough planning reduces risk
- Identifies areas where additional support or information may be needed
- Structures and presents your business information so you can move forward logically without losing focus
- Builds confidence in your decisions and direction
- Reduces the likelihood of oversights and costly mistakes
- Organizes your ideas so they can be clearly communicated to others
- Improves your chances of long-term success once the business is established
- Keeps your vision clear as your business grows and evolves
- Supports you in securing the financing you need

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Business Planning Basics

Business Plan Reference Terms

The following terms will be found in the accompanying guide and are explained for you here.

- **Equity:**

Equity is capital invested in the business by its owners. You can increase the equity capital in your business by investing more of your own money, by finding investors who are willing to invest their money, or by reinvesting the business's profits.

- **Market:**

Includes all potential customers who share a specific need or want and who are willing and able to engage in an exchange to satisfy it.

- **Market Segmentation:**

Dividing a market into distinct groups of potential buyers with different needs, characteristics, or behaviors who might require separate products or advertising.

- **Target Market:**

A set of buyers sharing common needs or characteristics that the company decides to serve.

- **Marketing:**

The action of pricing, promoting and selling products or services through advertising.

- **Marketing Strategy:**

The marketing 'game plan' by which the business hopes to achieve its marketing objectives.

- **Working Capital:**

This refers to your present or anticipated operating cash flow requirements. Working capital requirements are often covered by operating loans or credit lines from banks.

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Section 1

Business Overview

Business Name: _____

Owner's Name(s): _____

Business Address: _____

Phone: _____

Email: _____

Is this a new or existing business? What date was the business established? (if applicable).

Nature: Briefly describe what services or products your business provides.

Market Needs: Describe the market's needs and how your business will be satisfying them?

Project Overview: Briefly describe the project that is being undertaken including a description of what will be purchased, installed, or completed in order to start this project.

Project Context: Explain why this project is being undertaken.

Production Capacity: How much can your business produce in 1 day?

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Section 1

Business Overview

Management: Have you ever owned a business before? Please elaborate.

Management: What are your distinct management skills?

Legalities: Please fill out those that apply.

	Number	Date (MM/DD/YYYY)
<i>Master Business Licence</i>		
<i>Incorporation Number</i>		
<i>Business Number (CRA)</i>		
<i>WSIB</i>		
<i>Fiscal Year-end</i>		

Major Players: List the suppliers and distributors as well as any partnerships.

	Supplier	Details
1		
2		
3		
4		
5		

Professional Advisors: Please list

	Institution	Phone Number	Yearly Estimated Cost
<i>Accountant / Bookkeeper</i>			\$
<i>Lawyer</i>			\$
<i>Insurance Broker</i>			\$
<i>Bank</i>			\$

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Section 2

Market Strategy

Industry Type: Describe the business sector in which you operate.(retail, forestry, tourism...)

Industry State: Is it growing, stable or declining? What are the trends or challenges in this industry?

Market Growth: How could you widen your target market?

Target Area: In which geographic area do you operate? According to the latest census, what is the population in this area?

Target Market: What are the characteristics of your typical customer (age, other)? Are they individuals, businesses or organisations?

Customer Profile: What do customers want and how are you filling that need?

Purchasing Frequency: What is the average amount of money that one customer will spend during a transaction and how often do they purchase (weekly, monthly, seasonally)?

BUSINESS PLAN

Section 2

Market Strategy

Purchasing Pattern: Do they shop around for the best price or is this an impulse buy? Do they pay with cash or credit?

Purchase Reasoning: Is this a basic, impulse or luxury purchase?

It is important to take a close look at your competitors. Everyone has competition and it's important not to underestimate them. It will be very valuable for you to keep up on who your competitors are and what they are doing. It encourages you to be proactive rather than reactive.

List of Competitors: Who are your competitors, what are their locations and how long have they been in business?

	Who?	What?	How long?
1			
2			
3			
4			
5			

Market Share: Will your project directly compete with existing businesses in the area? What is your potential market share (%)? Why will clients choose your business?

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Section 2

Market Strategy

Complete an analysis on your competition and your business. First, determine your business' as well as your competitors' strengths & weaknesses based on the following:

- ability to satisfy customers' needs
- company reputation and image
- product or service quality
- customer service
- location
- key personnel
- financial resources
- pricing
- technology used
- distribution channels

Comparison: Please fill out the following and identify each competitor.

	Description	Strengths	Weaknesses
<i>Your Business</i>			
<i>Competitor #1</i>			
<i>Competitor #2</i>			
<i>Competitor #3</i>			

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Section 2

Market Strategy

Competitor #4

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Opportunities and Threats: After comparing your business to your competitors, what opportunities could you take advantage of? What threats might impact your business?

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Section 3

Sales and Marketing

Market Position: How will you be different from your competitors (image, quality, pricing...)?

Do you have any secured contracts? Describe.

Sources of Media: What form of promotional activities will you undertake (radio, social media, ecommerce, trade shows, brochures...)?

Advertising Frequency: When and how often will you carry out marketing activities?

Promotional Budget: What is your monthly advertising budget (in \$)?

Pricing Strategy: How do you plan on pricing, yet remaining competitive?

Business Location: Does your business location provide visibility?

Client Accounts: Will you provide your clients with accounts that they can pay within a certain delay? If so, what will that delay look like?

0 days
15 days

30 days
45 days

60 days
90 days

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Section 4

Operations

Location: Why did you choose this location?

Lease or Ownership: If you are renting, what are the lease conditions? If you own, do you have a mortgage on the property? If so, please provide a statement.

Hours of Operation: Please list your business hours.

	Opening	Closing
<i>Monday</i>		
<i>Tuesday</i>		
<i>Wednesday</i>		
<i>Thursday</i>		
<i>Friday</i>		
<i>Saturday</i>		
<i>Sunday</i>		

Legalities: Identify which legal and regulatory matters need to be addressed and how and when you will obtain them.

Obtained	Need to Obtain	
		Sector-Specific Business License
		Municipal License & Permit
		Health Inspection
		Trademarks, copyrights, patents
		Import/Export License
		HST Number
		WSIB
		Contractual Agreements (such as partnerships, contractors, etc.)
		Lease
		Other. Please explain

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Section 5

Human Resources Plan

Job Creation and Maintenance: How many jobs will this project create or maintain?

	Created	Maintained
<i>Full-time</i>		
<i>Part-time</i>		
<i>Seasonal</i>		
<i>Contractual</i>		

Staffing: Please identify staff and their roles.

<i>Position</i>	<i>Role/Tasks</i>	<i>Training Required</i>	<i>Hourly Salary</i>	<i>Hours per Work Week</i>	<i>Wages per Week</i>	<i>*MERCs per Week</i>
<i>Owner</i>					\$	\$
<i>Owner</i>					\$	\$
<i>Employee</i>					\$	\$
<i>Employee</i>					\$	\$
<i>Employee</i>					\$	\$
<i>Employee</i>					\$	\$
<i>Employee</i>					\$	\$
TOTAL					\$	\$

**Mandatory Employee Related Costs*

***Remember that business owners may take an Owner's Draw instead of a salary and do not pay EI, WSIB or CPP on a bi-weekly basis like an employee would.*

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Section 6

Risk Assessment

Potential External Risks: What are potential situations over which your business has little or no control (increased shipping costs, market crash...)?

Potential Internal Risks: What are potential situations that might occur within your organisation which would impact your capacity to do business (financial, material, human and physical resources)?

Minimizing Risks: What plans have you made in the event that these risks become problems for your business?

Contingency Plan: If your business fails, what type of exit strategy has been considered?

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Section 7

Action Plan

Action Plan: Determine an action plan for the upcoming 3 years.

Objective	Action/Activity	Timeline	Status

Measurability: How will you measure your success?

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Section 8

Financial Information

Fund Source: How do you plan on funding this project?

Fund Source	Amount
Bank	\$-
North Claybelt	\$-
Federal Funding	\$-
Provincial Funding	\$-
Owner's Investment	\$-
Owner's In Kind	\$-
Other Funding	\$-
TOTAL	\$-

*It is essential for you to provide financial statements which will support and justify the information in your business plan. All applicants must submit a **three year cash flow projection seperated month by month**. In addition, existing businesses must also submit historical statements including **Income Statements and Balance Sheets for the past three years**.*

Cash Flow Projections: What is it?

This statement tracks the movement of cash through the business over time. The statement shows the cash that is on hand at the beginning of the period (including personal investments and loans used for operational transactions) plus the cash that is received during that period (including sales from services and products) minus the cash spent, which will show us the cash on hand at the end of the period. Remember that this statement only reflects the operational everyday transactions, not the initial start-up costs which you have already listed in this business plan.

If the company is paying out more in cash than it is receiving, it risks running out of cash and not being able to pay the bills when due.

Virtually all the costs associated with your business will fall into one of the two categories:

Fixed Costs: These costs remain the same regardless of the level of activity (sales in dollars or units sold) such as rent, insurance, communications, municipal taxes, permits, loan repayment...

Variable Costs: These costs change proportionately with your level of activity (sales in dollars or units sold) such as wages, utilities, cost of goods sold, fuel...

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Section 8

Financial Information

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total
Opening Cash Balance		-	-	-	-	-	-	-	-	-	-	-	
Cash Revenues													
<i>List your revenue sources (minus HST)</i>													
Sales - Service 1													\$ -
Sales - Service 2													\$ -
Sales - Product 1													\$ -
Sales - Product 2													\$ -
Rental Income													\$ -
Other Income													\$ -
Total Cash Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash Disbursements													
<i>List your variable costs</i>													
Cost of Goods (Suppliers)													\$ -
Transportation (Delivery)													\$ -
Salaries and Commission													\$ -
Employee Benefits (CPP, EI, WSIB)													\$ -
Subcontractors													\$ -
Owner's Draw													\$ -
Vehicle expenses (Fuel)													\$ -
Point of Sale													\$ -
Utilities													\$ -
<i>List your fixed costs</i>													
Professional Fees (Accounting & Legal)													\$ -
Business Licenses/Registrations													\$ -
Insurance (vehicle, premises, etc)													\$ -
Commercial Liability Insurance													\$ -
Lease-building													\$ -
Lease-vehicle													\$ -
Vehicle Repairs and Maintenance													\$ -
Building Repairs and Maintenance													\$ -
Communications (Telephone & Internet)													\$ -
Bank Fees													\$ -
Office Supplies													\$ -
Loan Payment													\$ -
Other Loan Payments													\$ -
Property Taxes													\$ -
Advertising													\$ -
Other													\$ -
Total Cash Disbursements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reconciliation of Cash Flow													
Add: Total Cash Revenues	-	-	-	-	-	-	-	-	-	-	-	-	
Deduct: Total Cash Disbursements	-	-	-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) this month's operations	-	-	-	-	-	-	-	-	-	-	-	-	0
Closing Cash Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0