



BUSINESS PLAN

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PLANNING A BUSINESS

WHY WRITE A BUSINESS PLAN?

There are many reasons why a business plan should be prepared. Regardless of the specific reason, the underlying goal of preparing a business plan is to ensure the success of the business. Here are the main reasons why a business plan should be prepared.

1. It provides you with the road map that you need in order to run your business. It allows you to make detours, change directions and alter the pace that you set in starting or running the business.
2. It assists in financing. Whether you are starting up a small business or are an established entrepreneur, banks and other financial institutions want to see that you know where you are, where you are going and how you are going to get there.
3. The plan will tell you how much money you need, when you will need it and how you are going to get it; in other words, how you will do your financing.
4. It helps you clearly think through what type of business you are starting and allows you to consider every aspect of that business before you "take the leap".
5. It raises the questions that you need to have answered in order to succeed in your business.
6. It establishes a system of checks and balances for your business so that you avoid mistakes.
7. It sets up benchmarks to keep your business under control.
8. It makes you think through the entire business process so that you do not open the business blindly or lack vital information in opening and maintaining your business.
9. It forces you to analyze competition.
10. It will give you "GO" or "NO GO" answers about starting the business.

The following pages provide a template that will build your business plan as you answer the questions.

As you are completing the following pages keep uppermost in your mind that you are seeking actual financial information that will provide you with financial projections for your business.

As you develop your business plan please add additional pages as needed. Or, you may use this guide as a worksheet and create an entirely separate business plan document. Visit our website for more tips, tools and resources as you plan out your business ideas: www.cfsask.ca

BUSINESS DESCRIPTION

Business Name: _____ Phone Number: _____

Mailing Address: _____ Fax Number: _____

City: _____ Prov.: ____ Postal: _____ Email: _____

Contact Person: _____

Business Location: Same as above Different (use the following)

Business Name: _____ Phone Number: _____

Mailing Address: _____ Fax Number: _____

City: _____ Prov.: ____ Postal: _____ Email: _____

Contact Person: _____

Is this an existing business? New Existing (Date established): _____

Has your business experienced expansion during the past 2 years? Yes No

Form of Business Ownership:

Sole Proprietorship Partnership Cooperative

Corporation (Specify Incorporation date/to be incorporated date):

Other (specify): _____

Type of Operation:

Agriculture Aquaculture/Fishing Construction
 Forestry Manufacturing Mining
 Tourism Transportation Wholesale/Retail

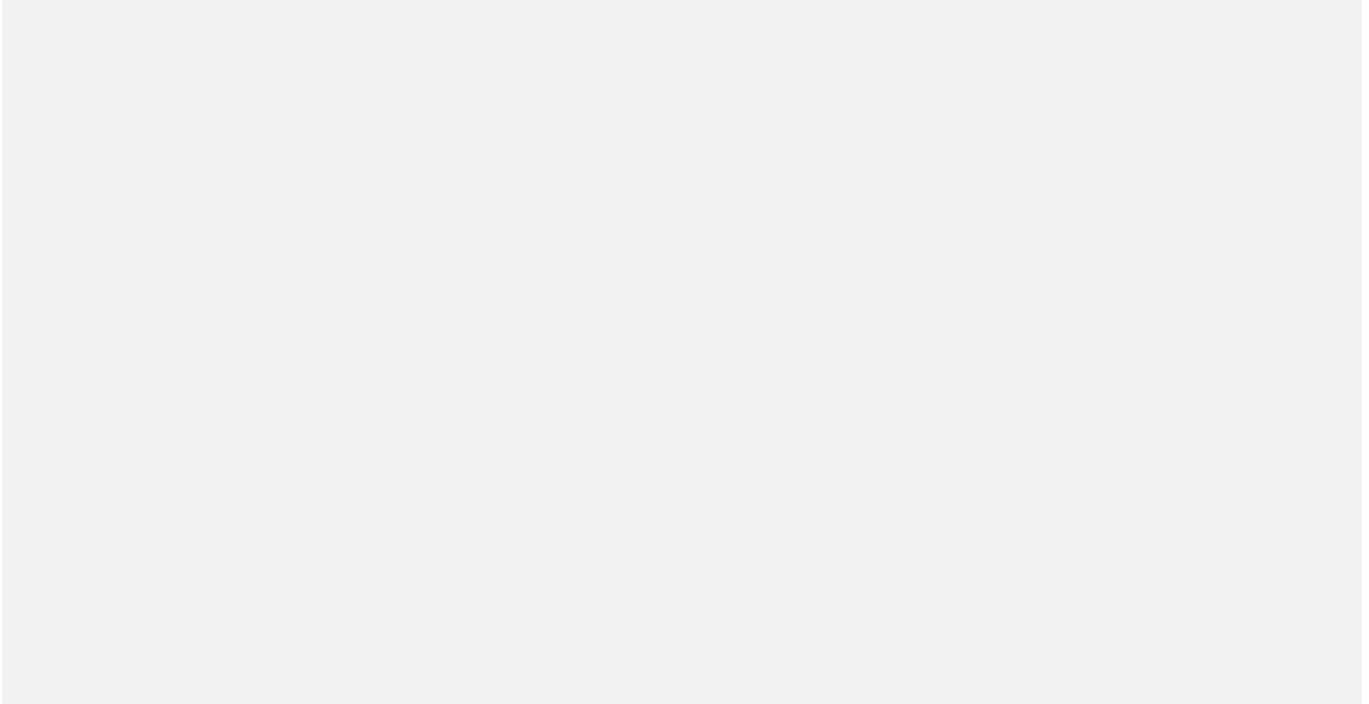
Other (specify): _____

Number of Employees:

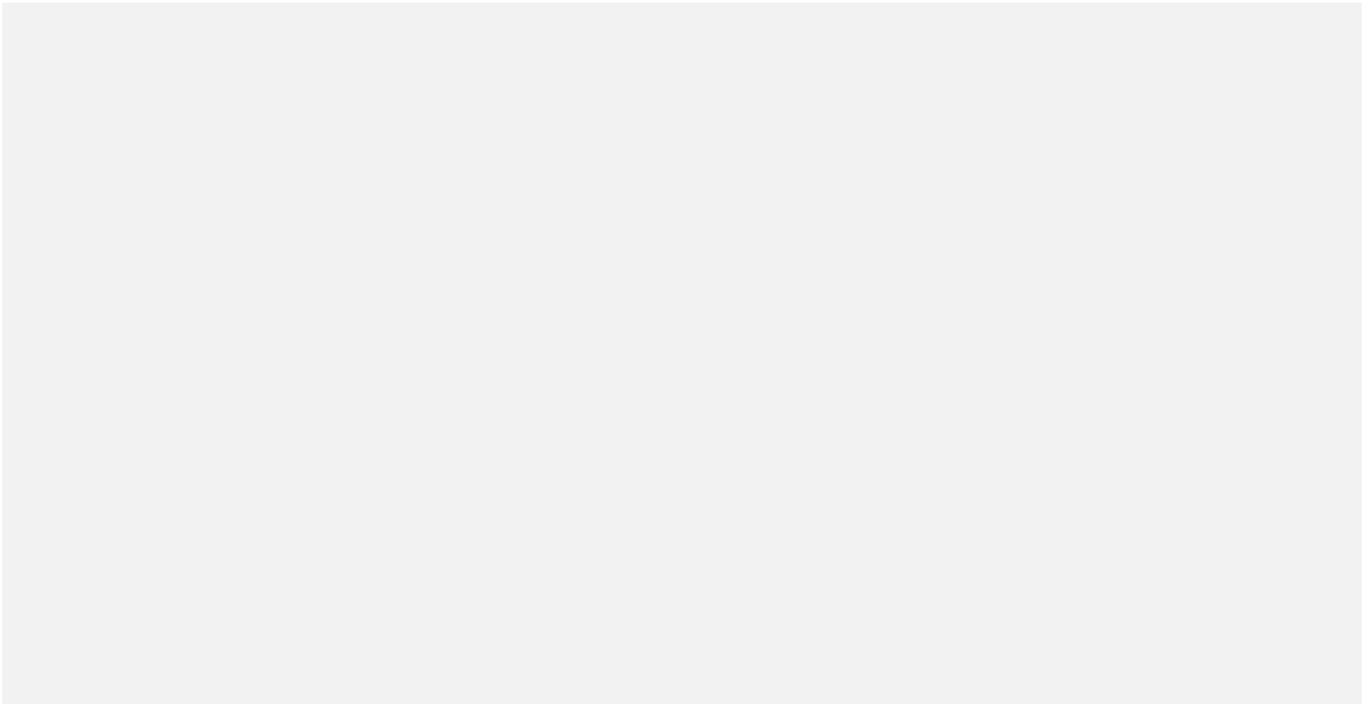
(Existing) Full Time: _____ Part Time: _____ Seasonal: _____

(New) Full Time: _____ Part Time: _____ Seasonal: _____

Give a brief description of your proposed business idea:

A large, empty rectangular box with a light gray background, intended for the user to provide a brief description of their proposed business idea.

Why have you chosen this business idea?

A large, empty rectangular box with a light gray background, intended for the user to explain why they have chosen their proposed business idea.

STUDYING THE MARKET

The first thing you need to do when thinking about starting a business is to determine whether you can make a success of it. This means asking tough questions about the potential demand for your products, how much you can charge and whether payback will be sufficient to make it worth your while. This information is provided by a marketing plan.

Although each marketing study is different because each business is different, most seek to answer the following questions:

- What is the market potential for my product or service?
- Who will my customers be?
- How many units can I sell?
- How much can I charge?
- Who will my suppliers be and how much will they charge?
- What credit terms are they likely to offer?
- Who are my competitors and what competitive advantages do I possess?
- How will I get my goods to market and how expensive will this be?
- Will this business produce a large enough profit to justify the sacrifices which will be required?

Armed with answers to these questions and a properly laid out marketing plan, you will be in a much better position to determine the viability of your idea.

Getting the information for such a plan is quite easy. For instance, one possible technique is to interview potential customers or businesses already in the industry. Trade and industry associations can also be helpful since they possess in-depth information about their industries.

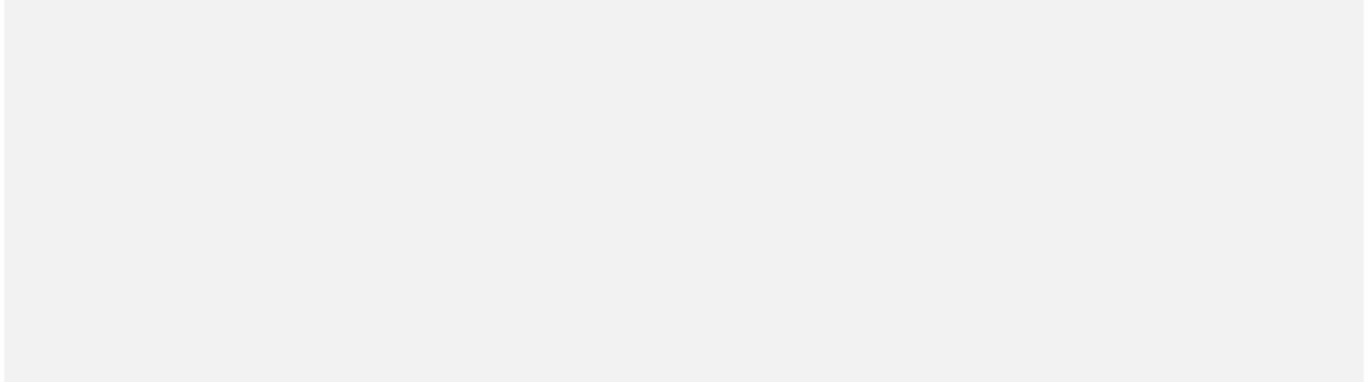
Many publications and data bases can help you assess the potential of industries and markets. (A visit to your local Community Futures Office is a good first step in getting this information).

These plans are dynamic and are only helpful if they change as your business changes. Rather than prepare a marketing plan and file it away in your desk drawer, you should re-examine your plan from time to time in the light of new developments and make the necessary changes. Your marketing plan will then guide and support your efforts on a continual basis.

By answering the questions on the following pages, you will build your marketing plan.

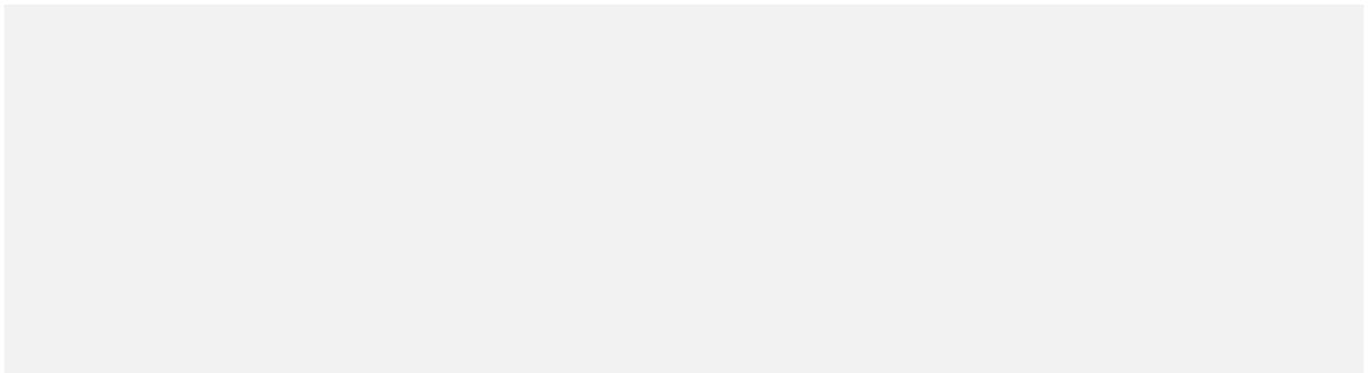
MARKET

Identify your market area (local, provincial, national, international, etc.). How big is the total market, i.e. the size of the geographic area; the population? Is the size of your market area expanding, static, or decreasing? What percentage of the total market do you expect to capture? Cite your sources of information.

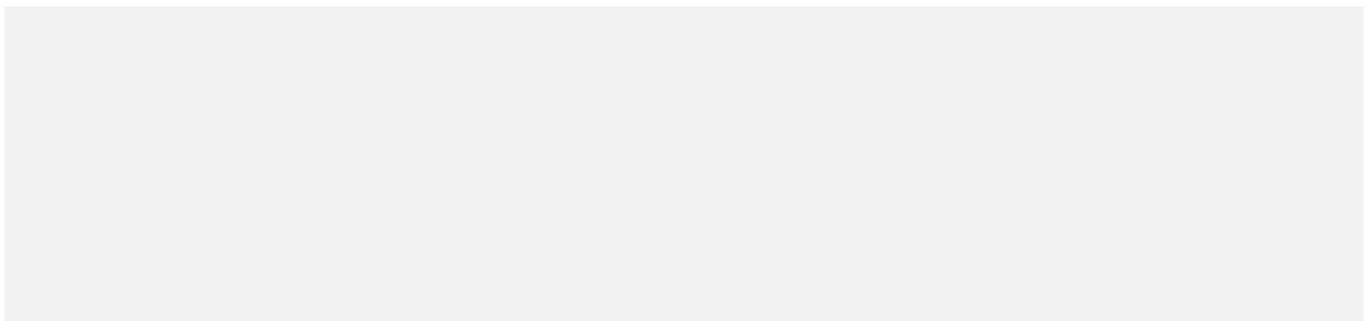


Describe your intended customers/target market. In most cases, you should not plan to sell to just anyone or to everyone. Identifying a target market will help you develop a much more effective strategy. The aim is to find your best customers and to clearly describe them by their common traits, such as:

- **Demographics:** Age; gender; income; education; nationality; occupation
- **Lifestyle/Psychographics:** Hobbies/interests, what they value most, leisure activities, what they like to buy.
- **Behaviour:** What will "trigger" your customers to buy your product or service? What common behavior patterns do your customers share?
- **Scope:** Where do your customers live and work? What is the geographic scope you want to cover?



What are your customer's buying habits? (ie. how much of your product/service will they buy and how often, and is your business seasonal?)



COMPETITION

SWOT Competition Analysis (Strengths, Weaknesses, Opportunities and Threats)

Analyze each of your competitors and your business using a SWOT Analysis. You are examining:

- **Strengths:** If you were a customer of this competitor, what do you feel they do really well?
- **Weaknesses:** What are their shortcomings? In what ways are they not meeting the needs of the customer? Be specific.
- **Opportunities:** Where do you see an opportunity for you to fill a customer need? What is the competition not offering that you could?
- **Threats:** What might the competition do to make it difficult for your business? What might happen in the industry (i.e. new legislation etc.)?

Your Business

Strengths:

Weaknesses:

Opportunities:

Threats:

Competitor

[Redacted]

Strengths:

[Redacted]

Weaknesses:

[Redacted]

Opportunities:

[Redacted]

Threats:

[Redacted]

Competitor

[Redacted]

Strengths:

[Redacted]

Weaknesses:

[Redacted]

Opportunities:

[Redacted]

Threats:

[Redacted]

Competitor

[Redacted]

Strengths:

[Redacted]

Weaknesses:

[Redacted]

Opportunities:

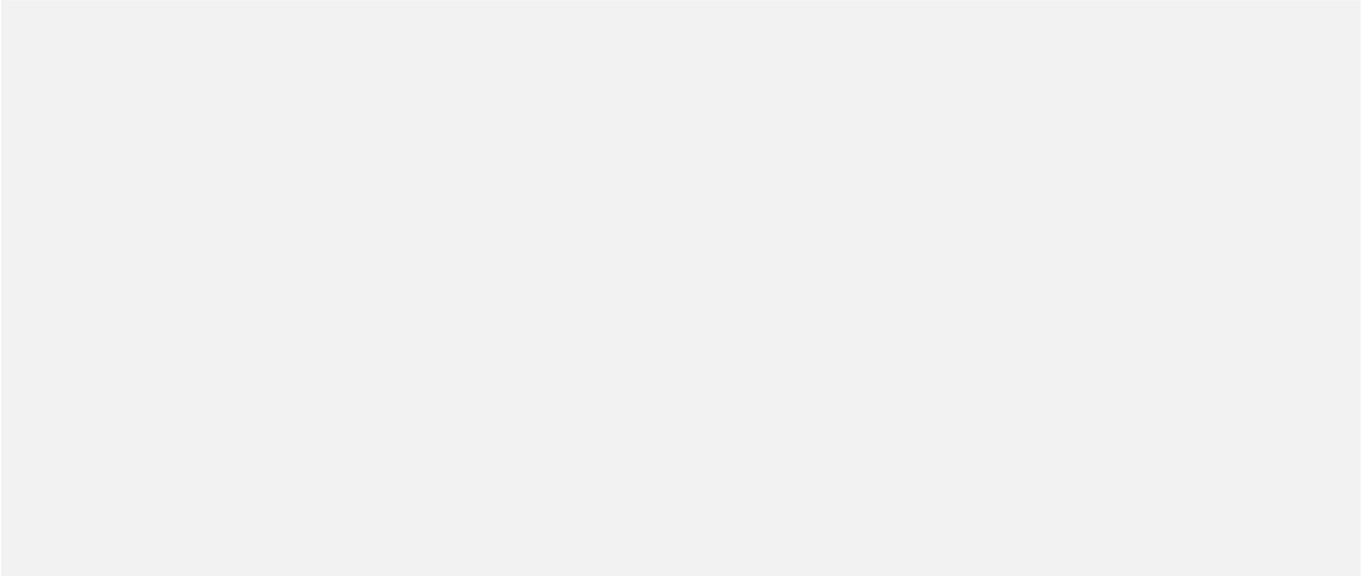
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Threats:

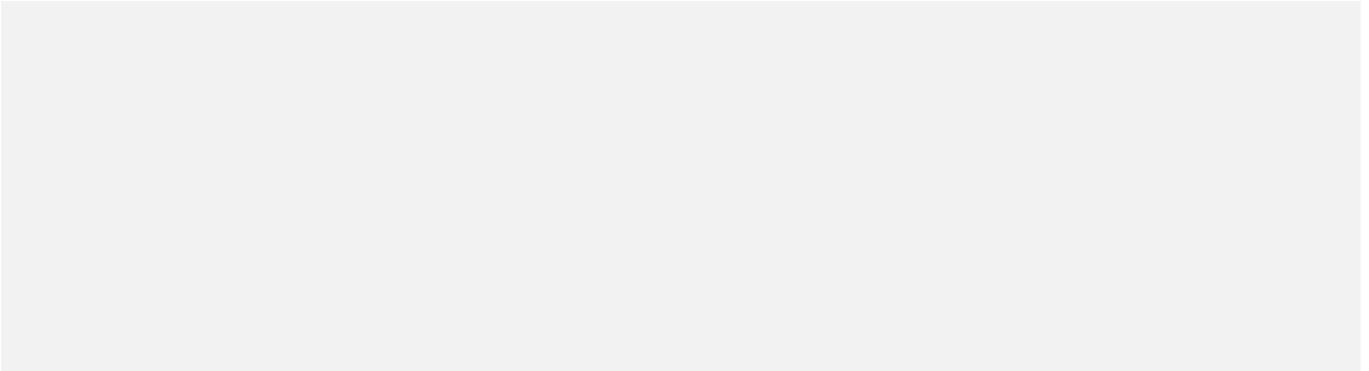
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PRODUCT OR SERVICE

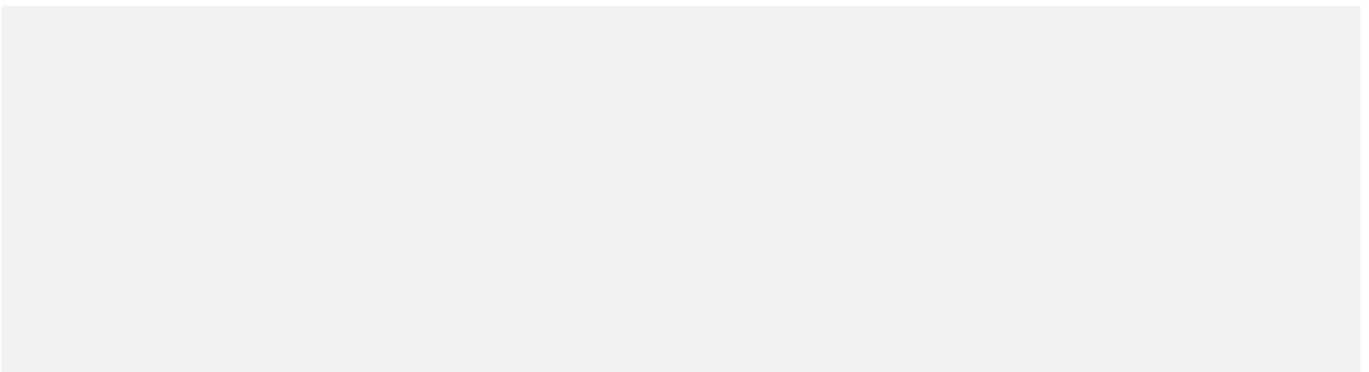
Give a complete, detailed description of products or services to be provided and describe how the product/service will benefit your customers.



Why will customers seek your product or services? Is your product or service unique or how will it differ from others in the community?



Are there opportunities for expansion of product or service? If yes please explain.



Complete the following questions if applicable

Product Sourcing

- Who are your suppliers? Where are they located? Do you have alternate suppliers arranged?

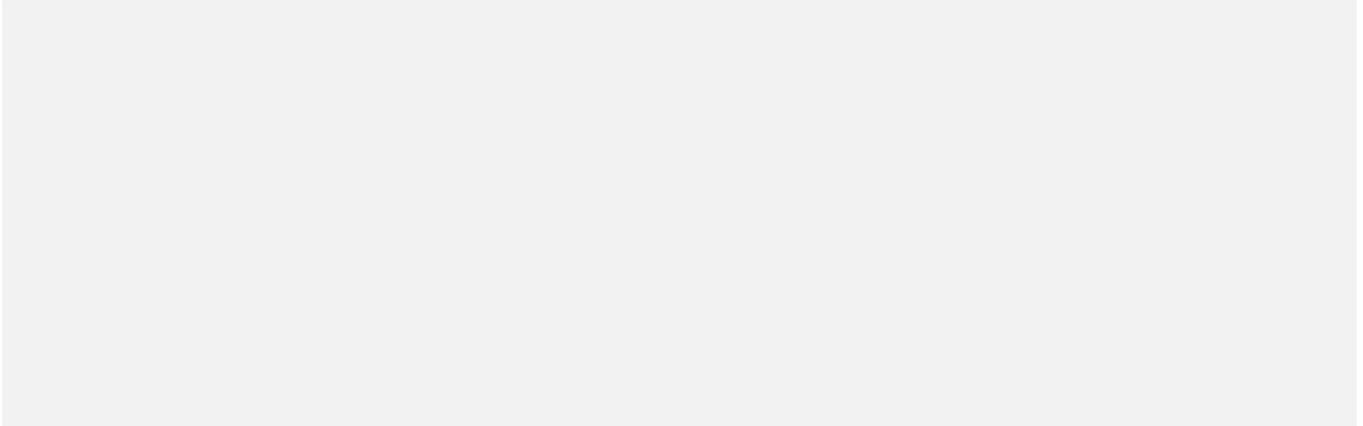
- Why did you chose this/these supplier(s)? Do you have to purchase a minimum requirement for each order?

- Will you sell your product in a specific area?

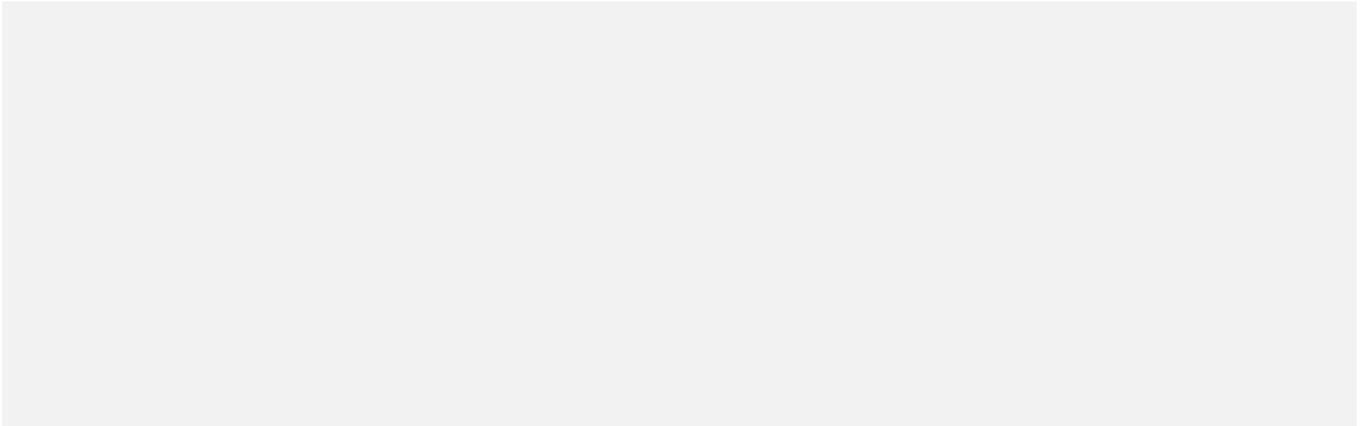
- Will you sell your product privately, online, and/or at retail outlets or craft shows, trade shows?
Does your customer come to you?

PRICE

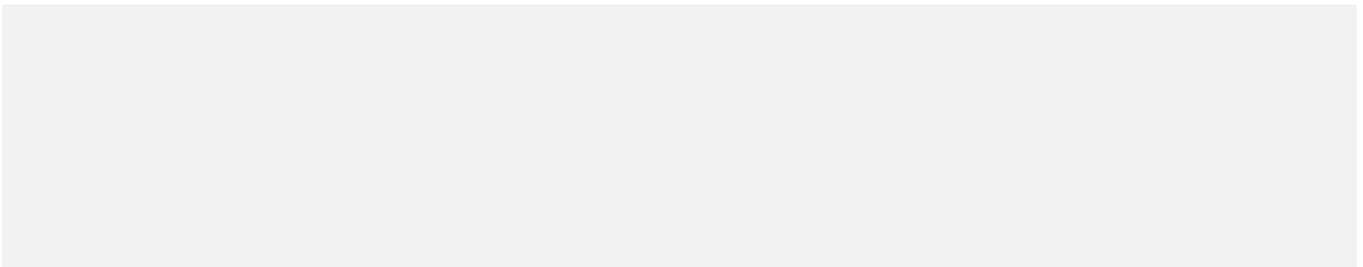
What price(s) will you charge for your product or service? Attach a price sheet if applicable.



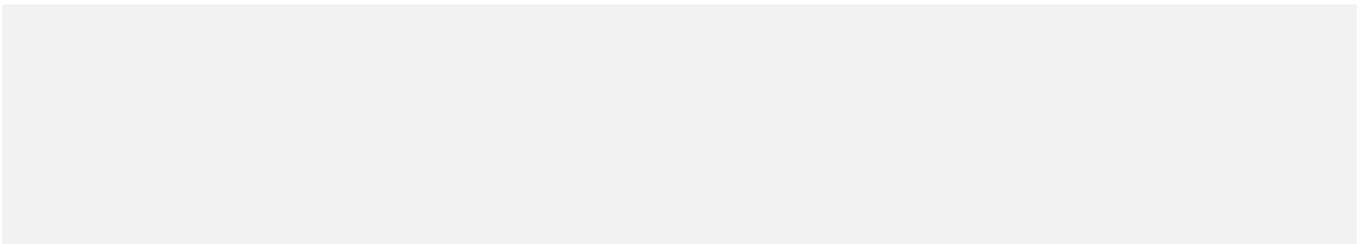
How did you determine this price? Explain.



How does your price compare with that of your competitors?



Will you be offering discounts for cash payments or quantity purchases, seasonal sales or other incentives that will affect your profit?



MANUFACTURED GOODS

Complete the following questions if applicable

Product Stage, Development, and Protection

- At what stage of development is the product?

- What product warranties or guarantees are commonly offered by your competitors? Must you match them to sell?

Manufacturing Process

- Explain how the product will be made. Describe what is done at each stage. What technology is being used at each stage? Is all manufacturing done in-house?

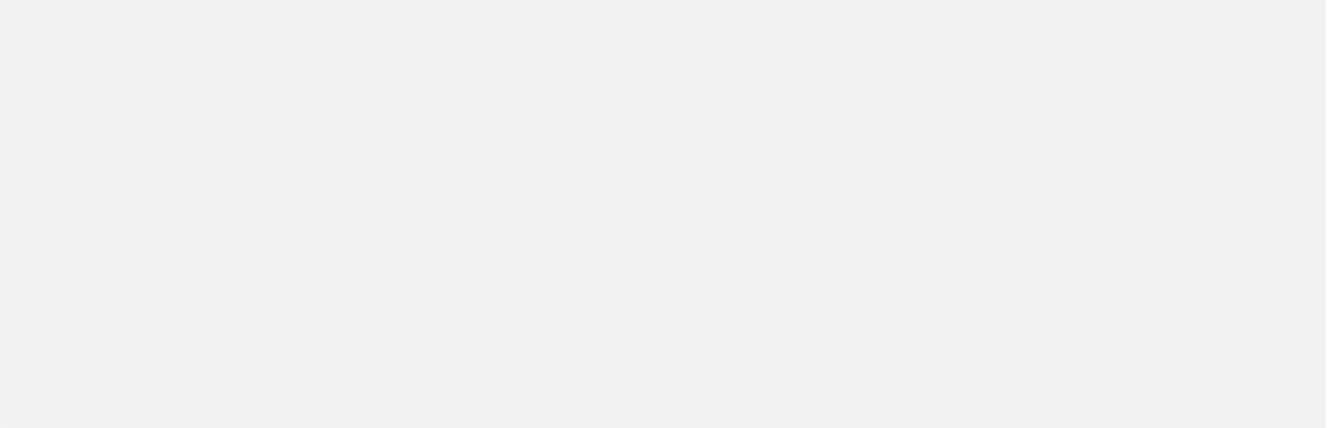
Quality Control

- What steps will you take to ensure a quality product or service? What will you do with products that do not meet the standards of quality you desire?

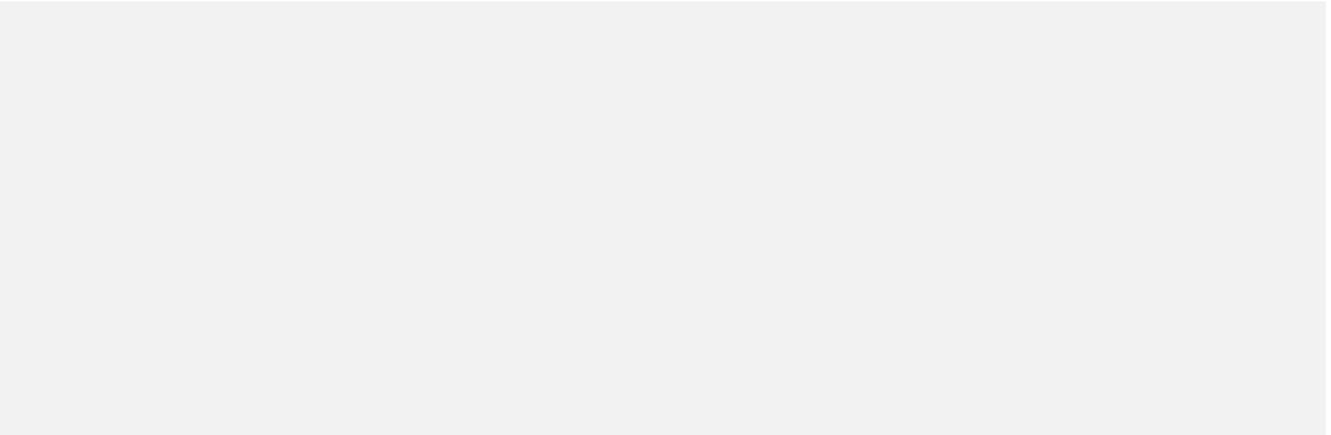
PACKAGING

Complete the following questions if applicable

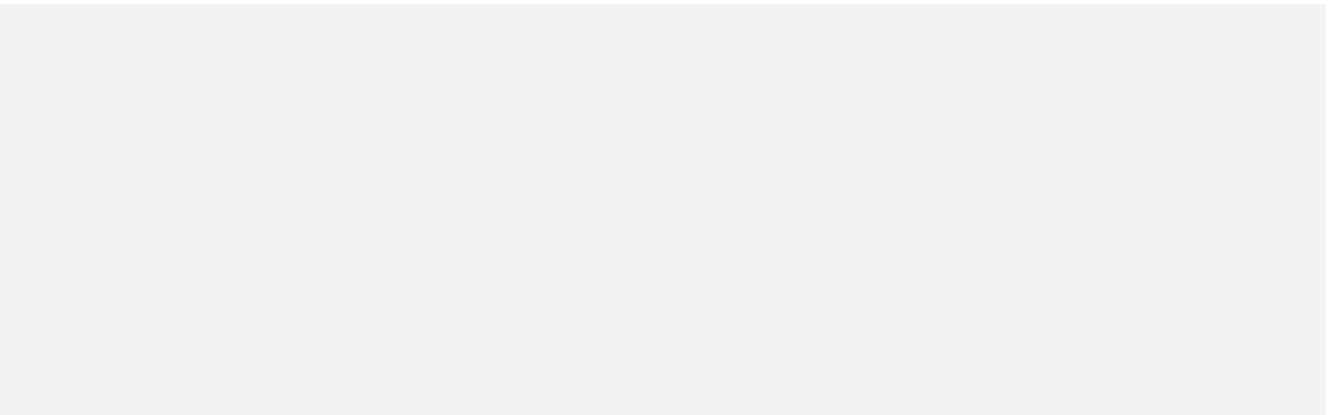
- Describe the individual product packaging to be used. Also indicate the source, size, price and payment terms for the supply of the packaging.



- Describe the packaging to be used for shipping in quantity, i.e. cardboard cartons, strapping, etc. Also indicate the source, size, price and payment terms for the supply of such packaging.



- Are there any special legal requirements for labelling your product?



SALES AND DISTRIBUTION

Complete the following questions if applicable

- What distribution channel will you use to get your product/service to the customer?

- What will wholesalers, retailers, etc. be paid to carry the product?

- What impact will this have on the final selling price of the product?

- Indicate the method of shipment, cost and any volume discounts available.

- Do you have any tentative or firm commitments/contracts in place with potential customers? Provide details including letters of intent to buy if available.

INDUSTRY

Industry S.W.O.T Analysis

Strengths:

Weaknesses:

Opportunities:

Threats:

- What is the industry's growth rate? What are the supply and demand issues (if any)?

Industry Trends

- Is the Industry preparing for or anticipating major changes? What are the current and future market trends?

Industry Regulations Business Environment

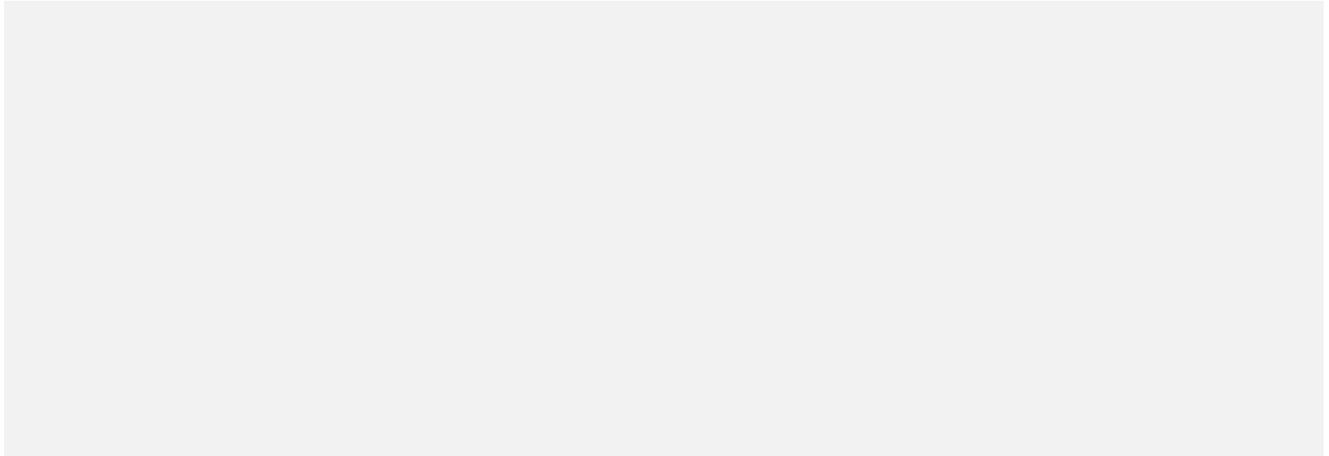
- Is this industry regulated? Or self-regulated by industry players?

Industry Barriers

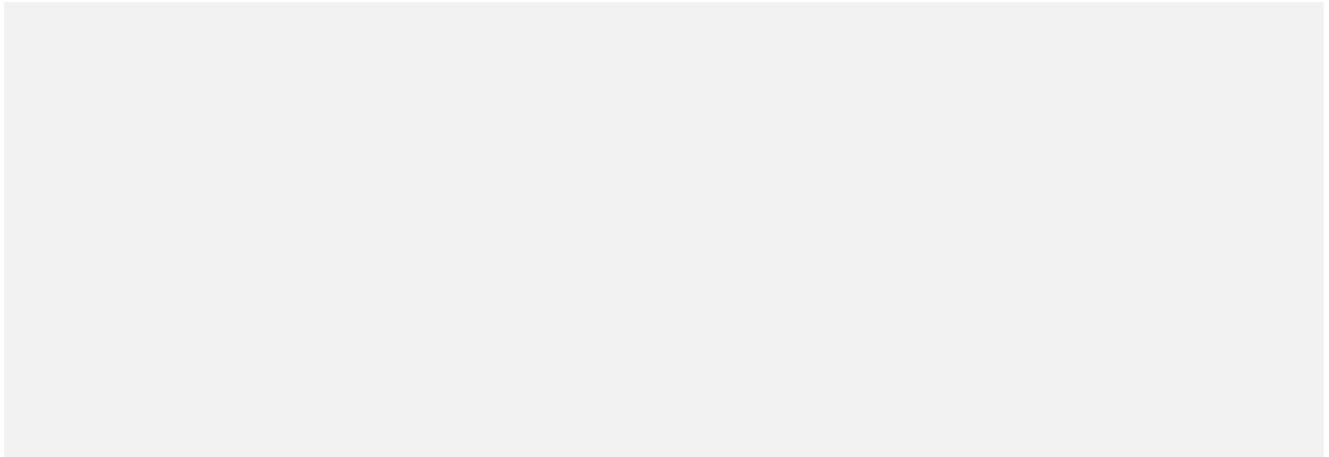
- Is it hard to enter this industry? Why? How will you overcome these barriers?

Business Environment

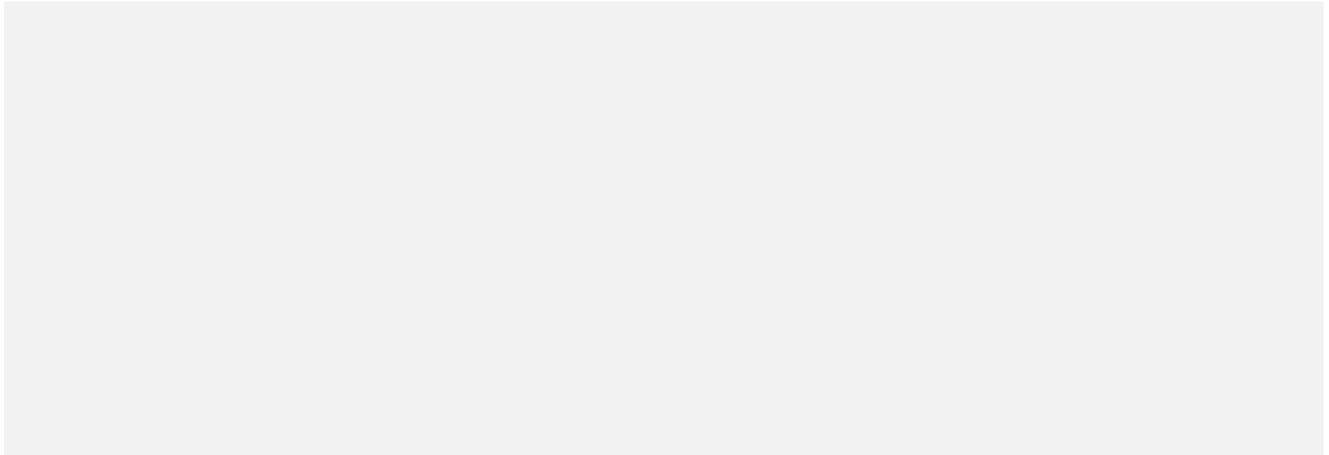
- What economic conditions will impact on your plan? What do you expect them to be in the future?



- Are there new developments presently occurring in your area which pose either an opportunity or a threat to your business? It is important to identify both and describe how you will respond to those opportunities and threats.



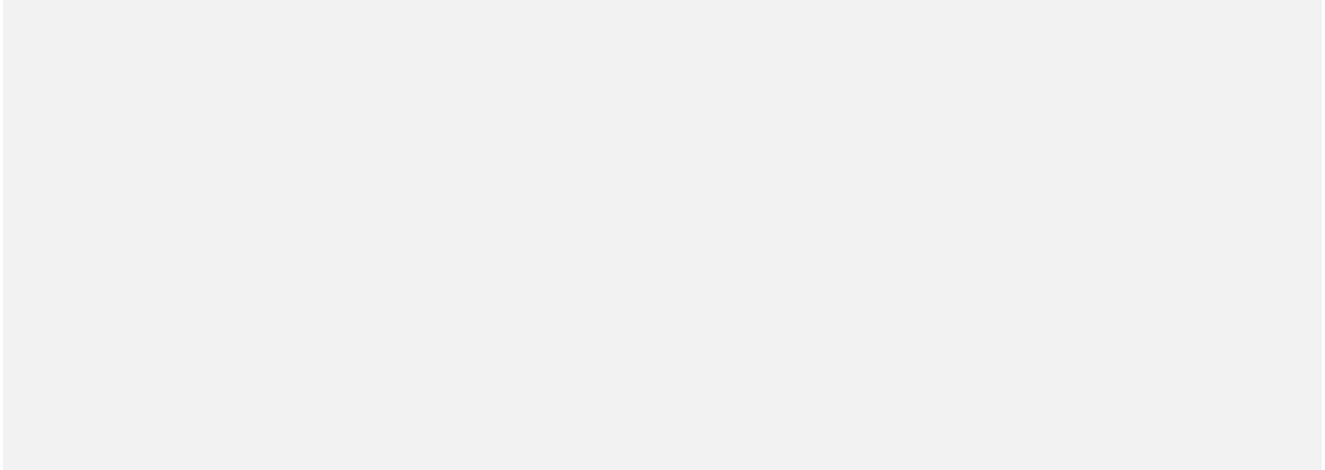
- Describe the impact of technology in and on your business and estimate how quickly it might change.



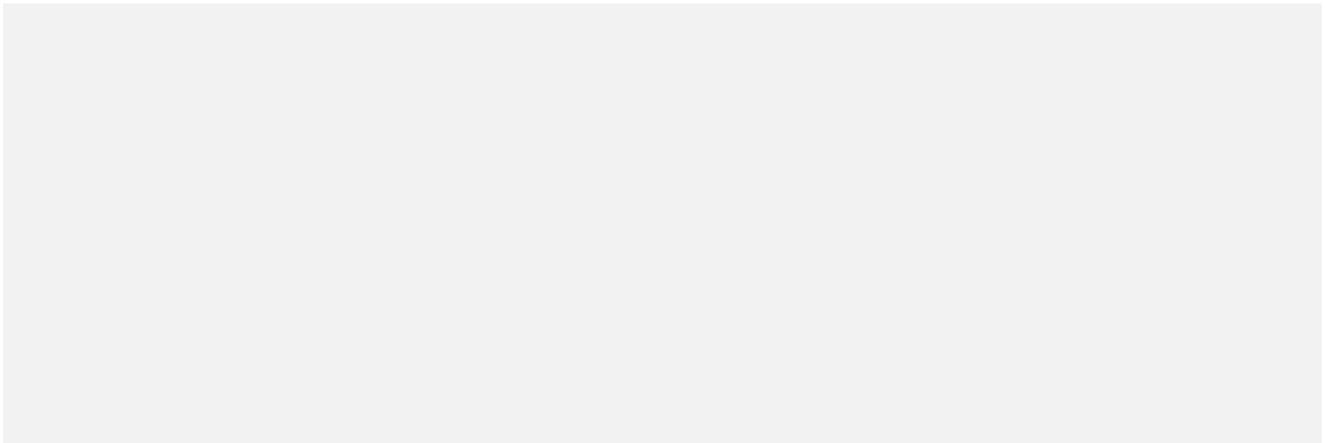
PROMOTION

Advertising Plan

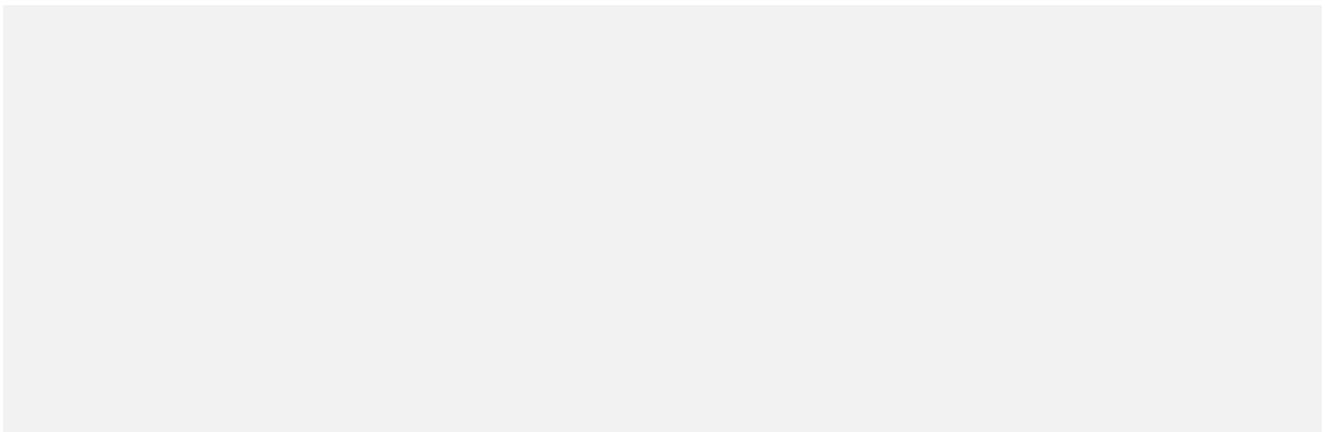
- What form of advertising will your customers respond to most? How will you advertise? What are the costs of the various forms of advertising available to you? (Be Specific)



- What message do you want to send? Will your marketing differ from your competition? Can you use other companies to promote your product or service?



- How will you advise your potential customers that you are in business? Giving back to your community can make good business sense. Do you have a strategy to do this?

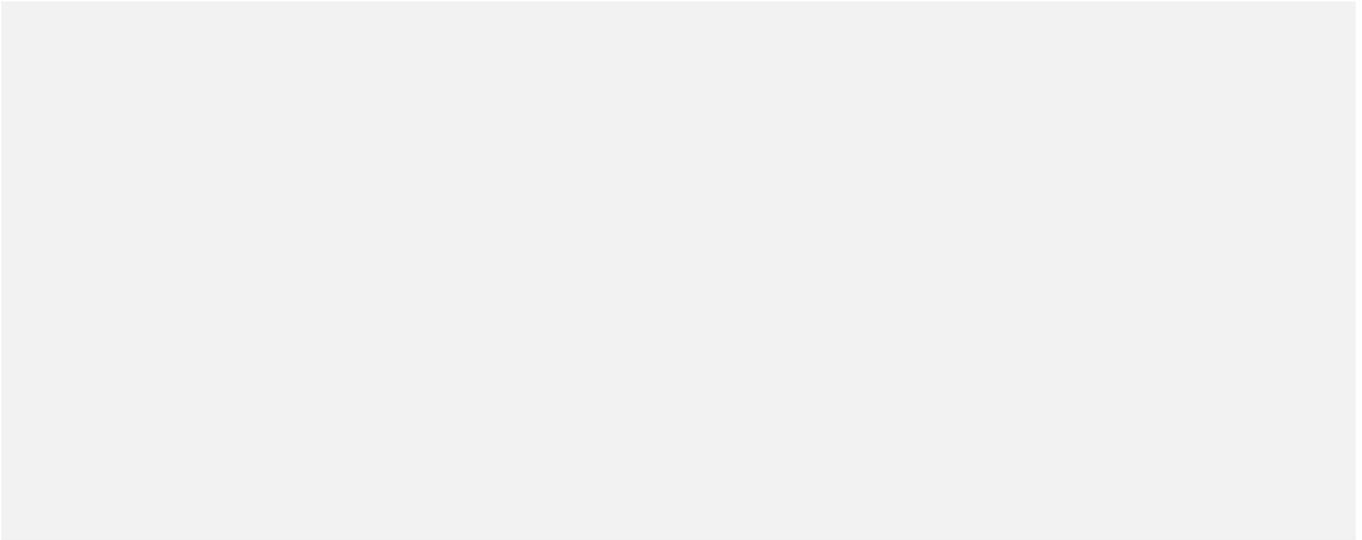


OWNERSHIP AND MANAGEMENT

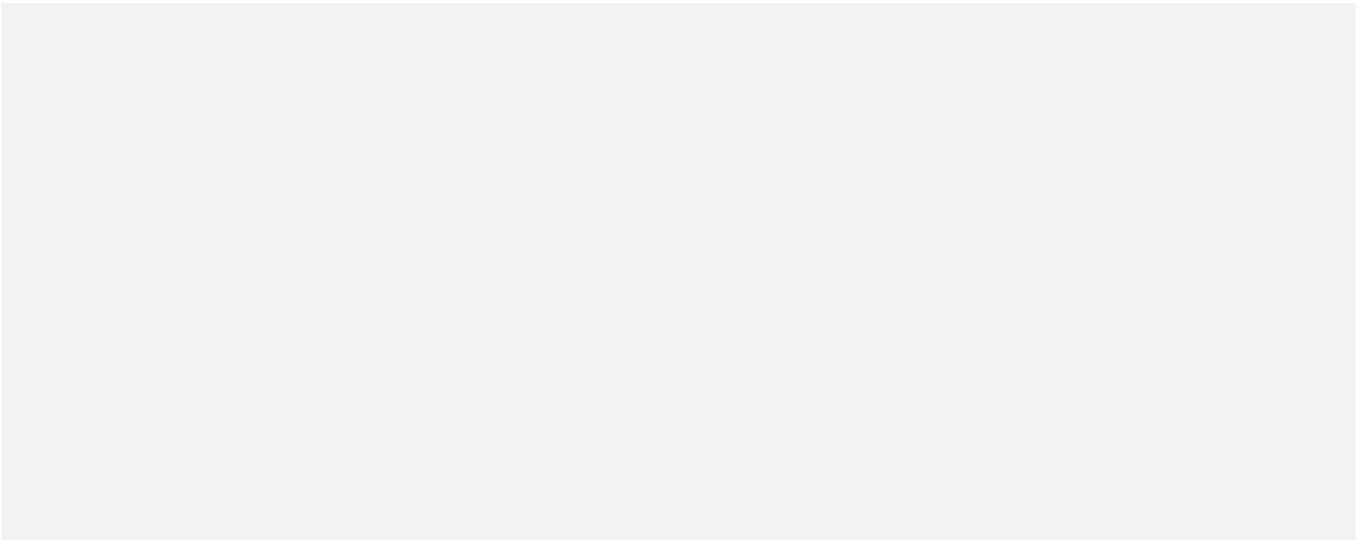
Who are the owners and key management personnel in your business?

| Name | Ownership % | Position | Management Function (if applicable) |
|-------|-------------|----------|--|
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |

Explain the duties and responsibilities of management and key staff

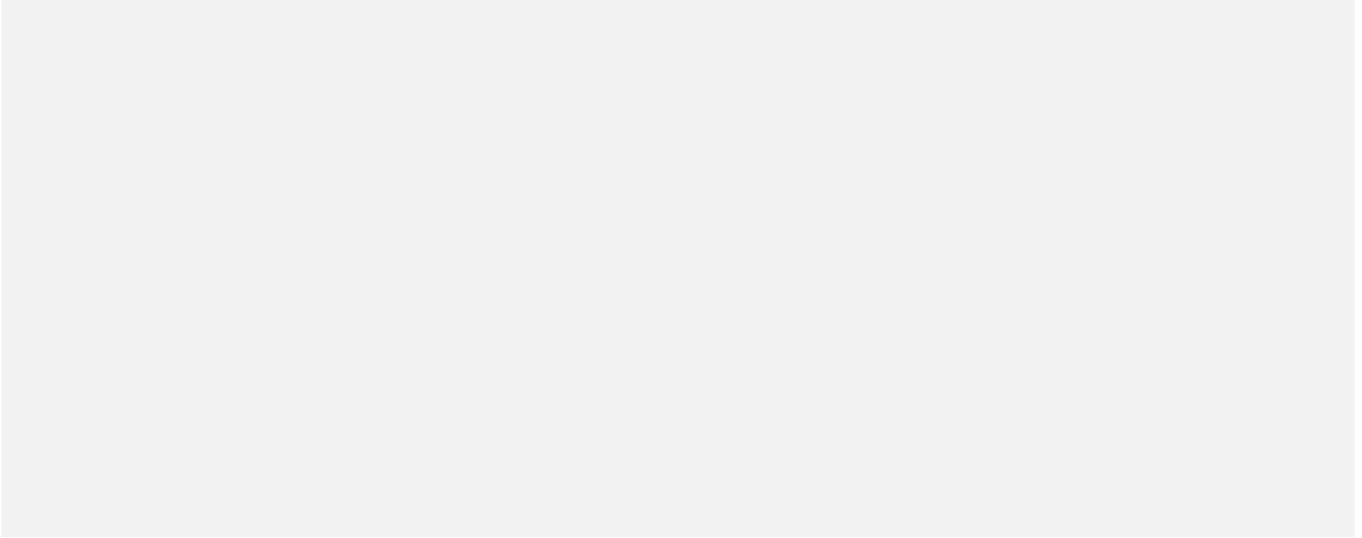


Briefly outline the experience and expertise of your management team with special emphasis on managerial and/or operational experience (Include resumes of the principle owners and key management personnel in your appendix).

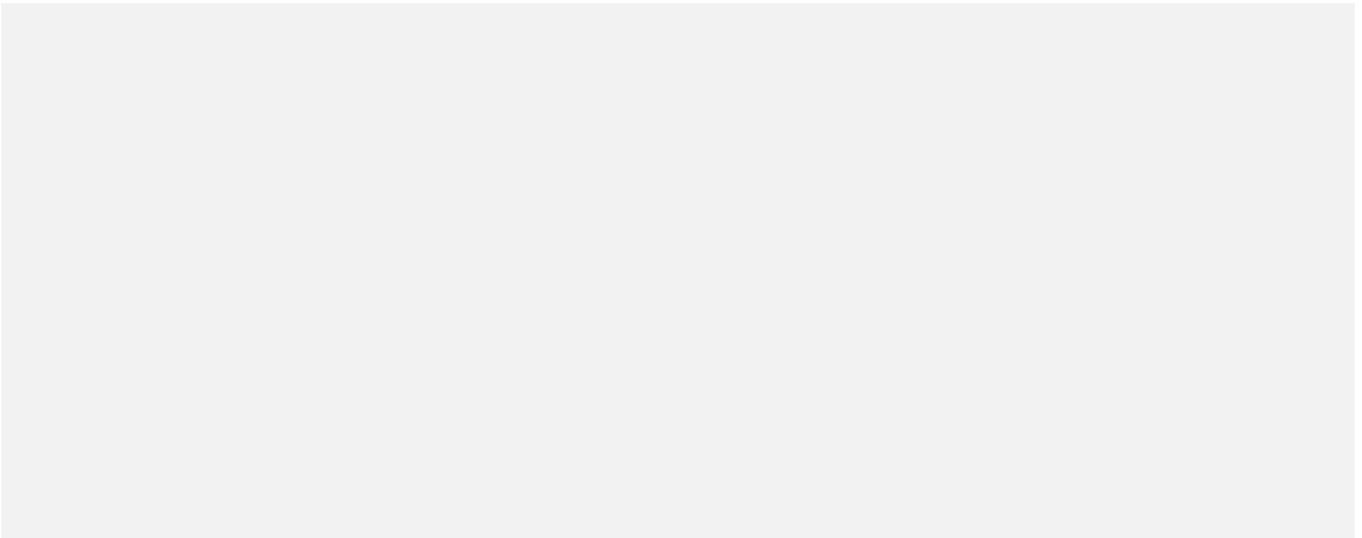


OWNERSHIP AND MANAGEMENT

Please provide the names of any professionals you have or will have dealings with (ie. accountant, lawyer, Insurance agent, etc.):



How will you manage your record keeping? Will you be hiring a bookkeeper or are you experienced yourself?



TECHNICAL

Business Location:

- What makes your location suitable for your project? (*proximity to markets, suppliers, transportation, labour*)

- Are your premises owned or leased? Owned Leased

If leased, please answer the following:

Landlord's Name: _____ Rent: \$_____ (Monthly Annually)

Phone Number: _____ Expiry Date: _____

Terms of Lease:

Do you have a renewal option: Yes No

If no, what are your plans for the operation when your lease expires?

- Will renovations be required? Yes No

If yes, at what cost: \$_____ (*Attach copies of all estimates and quotes*)

- If a building is to be constructed or purchased, what will be the total cost: \$_____

Attach a plot plan, layout, building diagram and/or blueprints, together with contractor's estimates if applicable.

Set Up:

- What special environmental, municipal or other government permits and approvals may be required and when can a decision be expected on each?

| Agency or Department: | Requirements: | Anticipated Decision Date: |
|-----------------------|---------------|----------------------------|
|-----------------------|---------------|----------------------------|

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Equipment:

- Will any new equipment be required? No Yes (if yes, at what cost: \$_____)

*Please attached a list equipment, or provided quotes. **Include:** description, purchase price, serial # (if applicable), year of manufacturing, condition, etc.*

How much financial assistance is required? Please complete the source and use of funds below.

● Why is the money needed? Start-up Expansion Modernization

● How long do you need to repay the loan (amortization period)? _____

USE OF FUNDS:

Land Building \$ _____
 Equipment \$ _____
 Vehicles \$ _____
 Inventory / Materials \$ _____
 Working Capital \$ _____
 Other \$ _____

TOTAL \$ _____

SOURCES OF FUNDS:

Community Futures \$ _____
 Applicant's Investment \$ _____
 Chartered Banks \$ _____
 Applicant's investment \$ _____
 Personal Investor \$ _____
 (specify relationship):

TOTAL \$ _____

Financial Statements:

- If yours is an existing business, provide copies of the following:
 - Actual Balance Sheets for past three years of operations
 - Actual Profit and Loss Statements for the past 3 years of operation
 - Projected Cash Flow over the next 24 months
- If your business is a Sole Proprietorship, attach a copy of the Statement of Business Affairs from your Income Tax Return for the past three (3) years.
- If this is a new business, Community Futures can advise you on how to fill in your new company's cash flow projections. Provide 36 months of cash flow projections.