



Community 
Futures Saskatchewan

Business Plan

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Getting Started

There are many ways to start a small business but each approach shares common elements you need to consider.

TIME

How much time do you have to develop your business idea? By allowing yourself enough time, you will likely avoid mistakes that could prove costly.

MONEY

How much money is at your disposal? Most entrepreneurs discover their businesses require more capital than originally anticipated. The need for adequate financing carries from business to business. You should allow for all possible contingencies so that you don't have cash flow problems or miss opportunities.

EXPERTISE

Do you have the knowledge and skills required to make a success of this business? If not, it may be worthwhile to take some courses or work in the industry until you gain the knowledge you need.

RISK TOLERANCE

How much risk is involved? You need to honestly assess your personality and finances, to determine how much risk you can tolerate. This may rule out some high-risk opportunities.

FINANCIAL RETURN

Can you make a living from this business? Some people go into business without a clear idea of just how profitable the venture will be. Take the time to determine if your effort will provide you with the income you need. Completing a business plan will give you an educated idea of potential income from your idea.

ENJOYMENT

Will you enjoy the business? This is a major consideration, especially since owning a small business is often difficult and involves long hours. There will be challenges and rough spots. You will need substantial commitment and self-sacrifice in the months that lie ahead.

FAMILY CONSIDERATIONS

Do you have the support from your family? Substantial sacrifices in time and money are required in the early stages of any business. You need to determine whether your savings or profits from the business will provide you and your family with an adequate standard of living especially in the early stages of the business. You will need to find out how committed your family is to the business. For example, will they be able to cope with the extra hours needed to get a small business up and running?

PROFESSIONAL HELP

Finally, getting started means starting out right. It is important to realize before you start out that decisions need to be made involving legal and taxation issues, insurance, finance, bookkeeping and accounting, hiring employees, etc. These can often be complicated and difficult to address without specialized expertise. Consequently, you should consult professionals such as; lawyers, accountants, insurance brokers, and the Community Futures Staff.

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 you business.

Business Description

Business Name _____

Phone Number _____

Mailing Address _____

Fax Number _____

City _____ Prov. _____ P. Code _____

Email _____

Contact Person _____

Business Location Same as above

Phone Number _____

Mailing Address _____

Fax Number _____

City _____ Prov. _____ P. Code _____

Email _____

Contact Person _____

Is this an existing or new business?

New Existing

Date business established _____

Has your business experienced expansion during the past 2 years?

Yes No

Form of Business Ownership:

Corporation Date of Incorporation _____

Cooperative To be incorporated _____

Partnership Sole Proprietorship

Other (specify) _____

Type of Operation:

Manufacturing Wholesale/Retail Aquaculture/Fishing

Agriculture Construction Tourism

Forestry Transportation Mining

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:

● Why have you chosen this 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? Please explain. Cite your sources of information.

Target Market

- Describe your intended customers. 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 behaviour patterns do your customers share?
Scope:	Where do your customers live and work? What is the geographic scope you want to cover?

- What percentage of the total market do you expect to capture?

- 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 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

Strengths

Weaknesses

Opportunities

Threats

Competitor

Strengths

Weaknesses

Opportunities

Threats

Competitor

Strengths

Weaknesses

Opportunities

Threats

Competitor

Strengths

Weaknesses

Opportunities

Threats

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?

Product Distribution

- Will you sell your product in a specific area?

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

Price

- What price(s) will you charge for your product or service?

- 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? 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?

Commission Agent

Broker

Wholesaler

Direct Sales

Retailer and Dealers

Other (describe) _____

● 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 Analysis

- Describe the industry in general terms. How does your business fit in that industry?

- 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

- 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?

Publicity Plan

- Will you get your local paper to do a story to introduce your business? How will you advise your potential customers that you are in business?

- Have you thought of a gimmick(s) you might use to promote your business?

Customer Survey

- You may need to complete a customer survey to get the market information you need. Your local Community Futures office can help you with preparing a survey

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)

- 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: _____ Phone Number: _____
Terms of Lease _____ Rent: \$ _____
_____ Monthly Annual
_____ Expiry Date: _____

- 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 cost estimates and quotes

- If a building is to be constructed or purchased, what will be the total cost of construction or purchase? \$ _____

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

Equipment

- Will any new equipment be required? Yes No

If yes, at what cost? \$ _____

(please complete the list on the next page)

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
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

List of Existing & Proposed Machinery, Equipment, Fixtures & Furnishings Related to Proposed Project

Description _____	Purchase Price \$ _____	Quantity _____
Remarks _____	Item Number _____	Serial # _____
(Condition) _____	Year of Man. _____	Year Purchased _____

Description _____	Purchase Price \$ _____	Quantity _____
Remarks _____	Item Number _____	Serial # _____
(Condition) _____	Year of Man. _____	Year Purchased _____

Description _____	Purchase Price \$ _____	Quantity _____
Remarks _____	Item Number _____	Serial # _____
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Description _____	Purchase Price \$ _____	Quantity _____
Remarks _____	Item Number _____	Serial # _____
(Condition) _____	Year of Man. _____	Year Purchased _____

Description _____	Purchase Price \$ _____	Quantity _____
Remarks _____	Item Number _____	Serial # _____
(Condition) _____	Year of Man. _____	Year Purchased _____

** Attach manufacturer's specifications, brochures, etc. whatever possible

Financial

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:

SOURCES OF FUNDS:

Land	\$	_____	Community Futures	\$	_____
Building	\$	_____	Applicant's Investement	\$	_____
Equipment	\$	_____	Chartered Banks	\$	_____
Vehicles	\$	_____	Applicant's investment	\$	_____
Inventory / Materials	\$	_____	Personal Investor		
Working Capital	\$	_____	Specify Relationship	\$	_____
Other	\$	_____	_____	\$	_____
			Other	\$	_____
			_____	\$	_____
TOTAL	\$	_____	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

NOTE: If you do not have financial statements, fill in the information on the sample forms attached to this business plan guide.

- 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, fill in the information in the sample forms attached to this business plan guide and we can assist you with your cash flow projections or provide your own 36 month cash flow projections.

Cash Flow Projections

Assumptions

Capital Purchases (complete as applicable)

	Opening	Year 1	Year 2	Year 3
Land Costs				
Building Cost				
Leasehold Improvement				
Equipment & Furniture				
Goodwill				
Vehicle Cost				
Inventory Cost				
Other Assets				
TOTAL ASSET COST				

Financing Requirements

	Amount	Term in Years	Interest Rate
Loan #1	\$		%
Loan #2	\$		%
Loan #3	\$		%
Line of Credit Limit	\$		%
Owner Investment	\$		

Sales

You should provide a clear rationale for your sales projection in the body of your Business Plan
 You may need to make some assumptions to arrive at your sales figures, but they should be clearly outlined and well thought out.

Gross Sales 1 2 3 4 5 6 7 8 9 10 11 12 **Total**

Sales Category

Cost of Goods Sold

Sales Category 1 2 3 4 5 6 7 8 9 10 11 12 **Total**

Gross Profit

--	--	--	--	--	--	--	--	--	--	--	--	--	--

Expenses

1 2 3 4 5 6 7 8 9 10 11 12 **Total**

Legal and Accounting													
Advertising													
Bad Debts													
Bank Charges													
Freight													
Store/Office Supplies													
Bus. Tax & License													
Insurance													
Property Tax													
Rent													
Repairs and Maintenance													
Small Equipment													
Shop Supplies													
Telephone													
Utilities													
Vehicle/Travel													
Wages: Management													
Wages: Employees													
Wage Benefit													
Total Expenses													
TOTAL INCOME													

NOTES

NOTES