



***Community Futures  
Development  
Corporation  
of the North Cariboo***

# **Creating a Business Plan**



## **A Guide to Developing a Business Plan**

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***“The Better Business Builders”***

## ***Business Plan Guide***

Entrepreneurs come in all shapes and sizes, but they have one universal trait: they all roll their eyes when asked to do a business plan. Why is writing a business plan such a chore? Because business plans are like term papers: you never know what information is supposed to be in them, how's it supposed to be arranged, and whether you've caught all the mistakes.

A good business plan also takes time to research, develop, and complete, and there is the garbage in, garbage out maxim that still applies. Even when a business plan does help you get financing, most business plans fall short in helping the business owner turn plans into reality. Indeed, they seem to treat planning as a hoop entrepreneurs have to jump through to get money. In fact, a good plan can guide a business' ongoing operations, communicate objectives and milestones, and help track towards the original business goals.

You can write a plan that makes your business look fabulous and gets you money, but you can still go broke. If writing a business plan scares you off, then maybe you should think about a less-challenging occupation than entrepreneurship.

Basically, a **Business Plan is a written statement of what you want to do and how you plan to do it.** Having a good business plan is one of the first steps in running a successful business. A well-prepared business plan will make a positive first impression, especially important if financing or investors are to be approached. You want to review your plan regularly to make sure you are still on track. You should make changes to the plan as you learn more about your business.

In simple terms, the purpose of the business plan is to:

- 1. Help you think through the venture and ensure that you have considered all your options and anticipated any potential difficulties.*
- 2. Convince potential lenders and/or investors that you are in control of the business and that their money will be safe with you.*
- 3. Serve as an operating guide as you turn your ideas into a viable business.*

### **Valuable Tips when working on your business plan:**

- Avoid using jargon or technical terminology
- Keep it professional, not extravagant or fancy
- Maintain a focus of presenting the proposal and the need for this business, avoid “making the sales pitch” to your reader
- Be realistic in your goals and objectives, results, growth potential, etc.
- Be flexible in your strategies and marketing...not everyone will think you have the idea of the century
- Do not bombard the plan with financial statements... other aspects are equally important
- Assumptions to not equate projections, if you make an assumption, back it up and be realistic
- Do not hide the risks, negatives, pitfalls of the venture, present them professionally and find solutions and ways of dealing with these problems should they arise, before they arise.
- Plan in advance for funding you need and reflect that in your business plan forecast

REMEMBER.....

**No one plans to fail, they fail to plan.**

**Most business failures seem to result from poor planning – countless pitfalls can be avoided if you spend time now to carefully anticipate how the business will operate.**

Community Futures has many resources available to assist you with the development of your business plan. Business plan guides, sample business plans, research guides, and much more is available for the asking from our office. Also, there are a number of good websites that will assist you in the development of a business plan.

For specific business information, sample business plans, business guides:

[www.cfquesnel.com](http://www.cfquesnel.com);

[www.smallbusinessbc.ca](http://www.smallbusinessbc.ca);

[www.businessgateway.ca](http://www.businessgateway.ca);

[www.strategis.ic.gc.ca](http://www.strategis.ic.gc.ca).

Business research information and stats can be obtained at:

[www.bcstats.gov.bc.ca](http://www.bcstats.gov.bc.ca).

[www.quesnelcorp.com](http://www.quesnelcorp.com)

Small business tax information can be found at:

[www.cra-arc.gc.ca/menu-e.html](http://www.cra-arc.gc.ca/menu-e.html) or [www.rev.gov.bc.ca/ctb](http://www.rev.gov.bc.ca/ctb).

Provincial business registration information is located at:

[www.fin.gov.bc.ca/registries](http://www.fin.gov.bc.ca/registries) or [www.onestopbc.ca](http://www.onestopbc.ca).

E-commerce information is at:

[www.strategis.gc.ca/ebizenable](http://www.strategis.gc.ca/ebizenable) or [www.smallbusinessbc.ca](http://www.smallbusinessbc.ca) and click on E-BC icon.

B.C. Worker’s Compensation Board information is at:

[www.worksafebc.com](http://www.worksafebc.com).

B.C. Employment Standards information is at:

[www.labour.gov.bc.ca/esb/](http://www.labour.gov.bc.ca/esb/)

# ***Business Plan Guide***

## **1. Cover or Title Page:**

Name, mailing address, phone number, and, if applicable, fax number, email and website address of the business. For a new business start-up, this will likely be the owner(s)' personal information. Show the date of issue of the plan. Give your plan a businesslike appearance by making sure it is typed.

## **2. Executive Summary and Overview:**

**NOTE:** This is the first section of your plan, but it is the last to be done.

A brief statement, one or two pages at most, of the business plan objectives. Address the following questions and add additional information that will help the reader get a **quick, summarized** picture of your venture.

- A. What is the purpose of writing the business plan? (ie: *operating guide or financial proposal*)
- B. What are the goals and objectives of your business?
- C. What business structure have you chosen? (*proprietorship, partnership or corporation*)
- D. Who are the principles and what are their proportions of ownership?
- E. What are your products and/or services being marketed?
- F. What is the amount of funding you will require and how will you use it?

## **3. Table of Contents:**

A single page showing what is to follow in the next pages.

## **4. Description of the Business:**

Answer in detail as many of the following questions as are appropriate for you:

- A. Is this business a startup; expansion of an existing business, or buy-out of an existing business?
- B. What type of business is this – Retail; Service; Manufacturing?
- C. What is the history of the business (if applicable)?
- D. What are your products and/or services being offered to customers?
- E. Who are your customers?
- F. What is the total market you intend to serve; and what is your expected share?
- G. How are you going to reach your customers; and how are they going to know about you?
- H. How can you serve your customers better than your competition?

## **5. Business Location:**

- A. What is your business address and why did you choose that location?
- B. Will the building be leased or owned? ( if applicable )
- C. What are the terms and length of the lease contract? (if applicable)
- D. What renovations will be needed and at what cost?
- E. What other kinds of businesses are in the neighborhood?
- F. Describe the neighborhood (e.g., stable, changing, improving, deteriorating).

- G. How much can your business expand before you will be forced to move or add on to the present building.

6. **Licenses and Permits:**

- A. Is your business name registered with the Registrar of Companies?
- B. How will your business be affected by local zoning regulations – City and/or CRD?
- C. What licenses or permits will you be required to obtain?
- D. Do you require to be registered for GST and/or PST?
- E. Do you require a Canada Revenue Agency (CRA) Taxation Number?

7. **Management:**

- A. What is your business and management experience? Do you have direct operational and/or managerial experience in this type of business? ( page 19 )
- B. What education have you had, including both formal and informal, that contributes to your management abilities?
- C. Are you physically suited to the job?
- D. What is your business' organizational structure and who does what?
- E. What are the proposed management salaries, if any?
- F. What other management resources will be available (accountant, lawyer, C.F.D.C.)?

8. **Staff:**

If applicable, write a paragraph or two about your staffing needs.

- A. What are your anticipated staff needs?
- B. What skills must your employees have?
- C. Can you use part-time help to meet changing business volume?
- D. Will you have to train people, and at what cost?

9. **Insurance:**

- A. What are your potential business risks?
- B. What insurance coverage will you purchase to protect your business from fire, theft, vehicle and liability claims?
- C. Do you require Worker's Compensation Board coverage?

10. **The Market: This is a key section of your business plan.**

**Market Research:**

Market research and analysis **must be done** to get details to demonstrate the level of demand for your product or service. **The business will fail if there is not sufficient demand.** There is no single perfect market research technique. You get an indication of demand by using various research techniques. Use a variety of sources when trying to evaluate demand. Remember that family and friends are not always good sources of market information – they want to encourage your success and therefore will be biased towards your products or services.

- ◆ Will customers buy my product and/or service?
- ◆ Are they interested in the benefits you perceive your products or services will offer?
- ◆ What features are important to them? Why do they buy?
- ◆ Where do they look when deciding what to buy (newspaper, flyers, radio, T.V)?
- ◆ How much will they buy?

- ◆ How often will they buy?
- ◆ What prices do they expect to pay?

Market research can be simple and straightforward to do. You do not need to hire an outside company: the best market research is often the kind you do yourself. How you do the research will depend on the type of business you want to start and the nature of your customers. You may wish to consider checking in these areas:

- ◆ **The customers themselves.** These may be the final consumers or firms re-selling your products to those consumers.
- ◆ **Businesses providing similar products and/or services** in similar markets. The closer the match, the more valuable the information. Try and find similar sized markets to your own.
- ◆ **Trade & Business Associations.** Trade associations can give you valuable insights into current trends and developments in your field, as can business associations such as Community Futures, Chamber of Commerce, tourism associations, etc
- ◆ **Statistics.** Industry averages for cost of goods, advertising, etc. can give good guidelines on how others run their businesses. Housing starts, business licenses, population age groups and various other information may be important indicators of your potential market.

Market research should assist you in addressing the following questions in your plan:

- A. What is the total market for your products and/or services? Is it local, provincial, national, international?
- B. How will your business attract this market?
- C. Who is your ideal or target customer? Describe their characteristics: (ie: young/old, male/female, families, occupation, lifestyle, income ranges, geographic location, etc.)
- D. What is the present size of this target customer base and how much of that market can you reasonably capture?
- E. Who is your competition? What are their strengths and weaknesses? How will they affect your business? ( page 20 )
- F. How will you attract **and keep** customers? What is your unique selling proposition to your customer and how will you use it to control your market share? For example, pricing scheme, type of marketing and advertising, promotional tactics, delivery methods, etc.?
- G. What is your customer service plan? Most business owners, or potential business owners, say they have, or will have, better customer service than their competitors. What does customer service mean to you? How do you plan to stand-out from your competition in this area of business?
- H. Will you have charge sales? If so, how will you handle these? Will you offer check, debit and credit card sales?

**If you cannot provide good market research for your products and/or services sales, your business plan will not be approved for funding.**

11. **Financial Management:**

- A. What type of accounting systems and record keeping systems will you use to keep track of your business' finances?
- B. Do you have the skills and abilities to do your own bookkeeping? If yes, explain.
- C. If not, have you arranged for a bookkeeper?

12. **Financial Information:**

- A. Where are the sources of funds coming from for the start-up, expansion or purchase of the business and how do you plan on spending them? Provide a detailed listing of land and buildings, equipment, furnishings, inventory, and working capital spending being anticipated. ( page 16 )
- B. What, if any, personal assets that you may own are being “invested” into the business?
- C. What is the breakdown of any other equity (cash, labour, etc.) being invested into the business?
- D. What do you as owner(s) need monthly in drawings or wages from the business?
- E. How much does it cost you to make or deliver your product or service?
- F. What is the total monthly overhead that your business must support?
- G. What is the pricing method you employ for each different product or service generator in your business?

13. **Supporting Information (Appendices):**

The following is a brief list of other documents that may be of value including in your business plan.

- A. Letters of reference.
- B. Letters of intent from prospective suppliers or customers.
- C. Copies of all lease, contracts, or agreements, deeds, or other legal documents.
- D. Any other information that might help your cause or answer potential questions.

14. **Provide A Cash Flow** ( page 10 )

This is a projection of how you think the business will operate – detail by month for the first year. **The cash flow should be accompanied by written assumptions.** Because your cash flow attempts to predict future events, you will have to make assumptions in order to estimate your future revenue and expenses. A separate assumption is required for each line on the cash flow. With your list of assumptions you should demonstrate how you arrived at all the figures you have shown on your cash flow. Keep in mind that although the numbers may seem self-explanatory to you, the person reviewing the cash flow is seeing it for the first time.

Business Name: \_\_\_\_\_

Client Name: \_\_\_\_\_

<b>Cash Flow Forecast</b>	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
<b>CASH IN (Cash Only Sales)</b>													
# of Units Sold (if applicable)													
1. Cash Sales													
2. Cash From Accounts Receivable (if applicable)													
3. Loans Received (if any)													
4. Other Cash Specify:													
<b>5. Total Cash In (Add lines 1-4)</b>													

<b>Cash Out (Expenses)</b>													
6. Inventory Purchases (Cost of Goods)(% of Sales?)													
7. Freight In / Out (% of Sales?)													
8. Employees' Salaries													
9. CPP, EI & Holiday Pay (15% Wages)													
10. Workers' Compensation Board													
11. Professional Fees (Accounting, Legal, etc.)													
12. Utilities (heat, light, water, etc)													
13. Telephone / Fax / Cell / Internet													
14. Insurance & Licenses													
15. Repairs & Maintenance (buildings or equipment)													
16. Auto Expense (Fuel, Repairs, Insurance, Lease)													
17. Small Equipment Purchases (less than \$500)													
18. Office Supplies (pens, pencils, paper, etc.)													
19. Advertising & Marketing													
20. Business Account Bank Charges / Fees													
21. Loan Repayments													
22. Other Payments													
23. Rent (building, equipment)													
24. Owner Drawings/Wages													
25. Other Specify:													
26. Other Specify:													
<b>27. Total Cash Out (Add lines 6-26)</b>													

<b>Reconciled Forecasted Cash Flow</b>													
29. Total Cash In (line 5)													
30. Total Cash Out (line 27)													
<b>Month's Closing Cash Balance (Lines 29-30=)</b>													

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