Richmond Hill SBEC Small Business Enterprise Centre

Business Plan

Company's Logo

Business Name: ______________________________

Applicant Name: ______________________________

Submission Date: ______________________________

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Executive Summary

This is written last but placed first in the business plan. The Executive Summary should be no longer than 1 ½ pages. We recommend five paragraphs – each paragraph summarizes one of the sections below:

Company Profile Summary

- Company profile: What product(s) or service(s) do you offer and what is their value (or what differentiates you)? Who are the owners and what expertise do they bring to the business (briefly)?
- Operations: What resources do you need to get off the ground?

<Fill in the details here>

Marketing Summary

- Marketing: How will you acquire clients and what strategy makes the most sense?
- Market research: What are the key findings about your industry and competitors? Who is your target audience?

<Fill in the details here>

Financial Summary

- Finance: How much money do you need to start? How will it be used? What are your first year sales and expense expectations?

<Fill in the details here>

Company Profile

Business Name:
Business Owner:
Business Address:
Legal Structure:
Date of Business Registration:

Business Overview – Products/service offered

Provide a full description of your product/service and its value: Why will people buy your product or service? What is the key benefit – your Unique Selling Point? It is best to focus on a single key benefit, as opposed to having many.

> Examples include: Saves time; better quality; easier to use; convenient; minimizes risk; reduces pain; highly credible; socially responsible; increases enjoyment; low cost.

<Fill in the details here>

Company History

How did this idea first come about? Outline your progress to date – research and development, any sales to date, etc. Who are your current customers? What is the current status of your operation?

<Fill in the details here>

Management

Outline the key personnel in the company and any relevant experience/training they have that relates to the business. This shouldn't be written like a resume but in paragraph form. You may include: Relevant work experience; education and training; industry contacts; life experience; projects worked on; passions; skills; achievements; awards; volunteer work.

<Fill in the details here>

Location

Where will you be located? Provide an address. Provide a rationale for the location. Discuss the rent, traffic and parking. What businesses are situated around you? For leased premises, most lenders will require either a letter of intent or a copy of the lease from the landlord.

<Fill in the details here>

Legal Structure

What is the business structure: sole proprietorship, partnership or incorporated? State any rationale for the structure. If there is a partnership or corporation, please state the ownership breakdown, shares issued etc.

<Fill in the details here>

Goals and Objectives

Goals and objectives must be SMART - specific, measurable, attainable, realistic and timely. Examples include: first year sales target; # of clients recruited by December; launch website by year-end. You can also include milestones you want to achieve, i.e. introduce a second product, purchase new equipment etc.

Non-SMART goal: *Conduct extensive marketing*
SMART goal: *Attend at least 4 networking events each month*.

Include any new major initiatives you have planned for the 2 - 5 year timeframe, i.e. hire employees, or expand to a larger location.

<Fill in the details here>

SALES & Marketing

In this section you determine how you will market to your target group. What is the most effective way to reach them? Specifically, for each marketing activity how will you reach your target, when, how often, how much will it cost and what exactly will you do? Marketing is about developing a consistent and detailed strategy.

<Fill in the details here>

Pricing Strategy

It is important to have a clear understanding of what your competitors are charging. In this section outline the basic fees or prices of your competition and what you plan to charge. Why? Give a rationale on your pricing. The pricing strategy needs to be in alignment with your positioning statement. In this section list your prices.

<Fill in the details here>

Marketing Strategy

List the overall direction of your marketing efforts: What are the most effective methods to reach your best customers (target market)?

Examine your top 3-5 activities, prioritize them and list details on implementation.

- Primary Marketing Activity (the activity that will be the most effective)
- Secondary Marketing Activity (the activity that will be the next most effective)
- Supporting Marketing Activity (the activity that will be the next most effective).

For each key marketing activity answer these questions:

- How and where will this take place?
- How much will it cost and when will it be spent?
- What support materials will you need?
- What is the follow-up/measurement system?
- When will you do this and how often?

Example: *Primary Marketing Activity*

Zebra Tutoring's key marketing activity will be networking in the community (primarily Toronto's Riverdale community) including professional and informal networking groups and through larger community sponsored events such as the Sick Children's Relief Fund. Representatives will be professionally dressed yet casual at all times.

Networking events will include the Riverdale Share Community Association, Danforth Business Improvement Area, and Concerned Parents Association. The support materials on hand will be business cards and bookmarks. 1,000 book marks will be ordered for a cost of $500. The idea is to be engaged with other parents but not do a "hard sell". If parents are interested they would be emailed an article titled "Engaging Students Today". This would be followed up 3-4 days later with an email or phone call. It is important that Zebra Tutoring have an effective contact management system. The goal will be to network at least twice a week; three times in peak season (Fall and Spring). The weekly cost will range from $20 to $100 a week with the average being $60/week.

Primary Marketing Activity (the activity that will be the most effective)

<Fill in the details here>

Secondary Marketing Activity (the activity that will be the next most effective)

<Fill in the details here>

Supporting Marketing Activity (the activity that will be the next most effective)

<Fill in the details here>

Marketing Objectives

You should have specific, measurable goals for your marketing activities. These goals may be expressed in terms of monthly, quarterly or annual sales, clients, website hits, events executed, etc. (Remember, if you have already listed all goals and objectives under the Company Profile, then you will not need to list them here.)

<Fill in the details here>

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 marketing 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?

Ideally you should list 8 -12 common traits of your best customer.

Example:

Target Market profile for Zebra Tutoring:

1. *Parents with children in high school (demographics)*
2. *Students planning on attending university (lifestyle)*
3. *One or both parents holding a degree (demographics)*
4. *Family income: $ 80 k plus (demographics)*
5. *Parents desiring that their children attend university (lifestyle)*
6. *Students needing help in essay writing (behaviour)*
7. *One or both parents are concerned about their community (lifestyle)*
8. *Both parents and children are computer literate (demographics)*
9. *Parents feeling overwhelmed with demands placed on their time with increased competition for university admission (behaviour)*
10. *Located in Toronto's Riverdale area (scope)*

Determine who your best paying customer is – not necessarily who needs it the most, but who values it the most and is willing to pay for it. Based on the profile determine the actual size of your target market.

A target market profile can be done for business-to-business clients:

- Industry or specialty
- Size of business (sales, # of employees, budget)
- Organizational culture
- Geographic location
- Decision makers

Example

Jessie's Homemade Marmalade*, an organic marmalade and jam wholesaler:*

- *Small specialty grocery shops with $400,000-$2M annual sales*
- *Health Food stores with 3 - 12 employees*
- *Decision maker: Owner or Purchasing manager*
- *Greater Winnipeg Area - predominantly in upscale neighborhoods or neighborhoods with a highly educated population.*

<Fill in the details here>

Market Research

In this section you take a closer look at how your industry works, who are the competitors and who are your best customers.

Local Market

What is the market you will serve initially? For example, if you are opening a store, your immediate market is likely within a certain kilometer radius from the location because customers are only willing to travel a certain distance. What is the geographic scope? How many customers are in that area? Businesses that sell online may also need to target a key geographic area to start. In the SWOT analysis in the next page, make sure you compare all relevant companies in your location.

<Fill in the details here>

Industry Profile and Outlook

What business are you in? How does the industry work? Who are your key competitors? How is the industry evolving? What are the predictions for the future? Are they valid and how does this affect your business?

<Fill in the details here>

SWOT Analysis (Strengths, Weaknesses, Opportunities and Threats)

The SWOT analysis forces you to evaluate your competition so that you have a better understanding of where you should position your offerings.

Strengths

What strengths does this company have from a customer's point of view?

Weaknesses

What weaknesses do you observe? Avoid subjective statements such as *"they don't care about their customers"*. Be specific i.e. *"customer wait time exceeds 15 minutes"*.

Opportunities

What gaps can you identify in the offerings of the competition? For example, if your competitor doesn't offer same day service, you might consider offering same day service. In the example below, Zebra Tutoring identified a gap: *making learning exciting for students*, by exploring the competition.

Threats

What might the competition do to make it difficult for your business? What might happen in the industry (i.e. new legislation etc.)?

We recommend you assemble your SWOT analysis in chart form, including your own business and several (5-6) competitors.

Example

SWOT analysis below for Zebra Tutoring (with one competitor listed):

Competitor	**Strengths**	**Weaknesses**	**Opportunities**	**Threats**
TOP Tutors	Good reputation Well established Online presence	$145 diagnostic test required $390 for 8 sessions	No fee diagnostics	May decide waive diagnostic fee Offer online tutoring
Zebra Tutoring	Familiar with local community	Will need to rent space	Make learning exciting for students	High schools may begin to offer in-school tutoring

<Fill in the details here>

Operations

This section outlines what you need to have in place to fulfill orders and meet customer expectations once the sale is made.

Location

For physical locations, describe the location, any back-up locations, if appropriate, and the rationale for your choice(s). Provide the hours of operation. Most lenders will require a copy of the lease or a letter of intention from the landlord.

If your business is web-based, provide designs or prototypes, along with a rationale for the design and the key selling features of the website.

<Fill in the details here>

Legal Issues

Discuss any legal issues here such as licenses required, regulatory issues, contracts that have to be drawn up or zoning bylaws. Most lenders will expect you to have standard insurance coverage in addition to coverage that is specific to your industry.

<Fill in the details here>

Human Resources

Discuss your personnel requirements here. Will you need to hire employees, or will you subcontract work? Assess the cost and implications of your resource requirements. What experience do you require and how will you conduct training? Consider your deductions for payroll.

<Fill in the details here>

Process/ production

How will you fulfill the order once you get it? If you are manufacturing or assembling products, discuss capacity issues i.e. how many orders can you physically fulfill each day/month? You will need to do a supplier analysis if your key selling point is your suppliers. What are your lead times from suppliers? What will happen if you can't use them? Do you need point of sale equipment?

<Fill in the details here>

Sales Process

Explain the process to getting a sale.
Provide details for how long it takes a sale to close (give examples of what is included here)

<Fill in the details here>

Risk Assessment

Discuss the potential risks in starting your business. The reader of your business plan needs to be convinced that you are considering the risks associated with your business, and that you have a plan to mitigate or minimize those risks wherever possible. Examine the following:

- Marketing – What factors would make it difficult to get customers and what will you do if they occur?
- Operations – What factors would make it difficult to fulfill orders and what is your back-up plan?
- Finance – What factors would make it difficult to sustain a positive cash flow and what are your alternatives?

<Fill in the details here>

Financials

In this section you will address your start-up costs, financing, sales forecasts and complete a month-by-month cash flow for two years. The cash flow helps you to see how and when cash will enter and leave your business.

Start-Up Costs/Financing

What are the costs associated with starting your business. How much will you contribute and what are the sources of the remainder?

<u>Example:</u>
Zebra Tutoring's start-up statement:

Item	Cost of Item	Owner Contributed	Starter Company Grant	Totals
Lease - Leasehold Improvements				
First and last month rent				0
Building supplies				0
Labour				0
Legal fees to review lease				0
General Start-up Costs				
Insurance	1,200			1,200
Business License				0
Office Supplies	300			300
Office Furniture (desk, etc.)	1,500			1,500
Computer, printer, fax machine	2,500			2,500
Marketing	5,000			5,000
Website	3,000			3,000
Legal fees to review contracts	500			500
Inventory				
SUBTOTAL	**$14,000**	**$0**		
Cash				
Working capital	1,000	0	0	1,000
TOTALS	**$15,000**	**$0**	**$3,500**	**$15,000**
Percentage Contribution	100%	0%	100%	100%

Sales Forecast

When projecting sales, it is important that you provide a rationale for your projections. Start by making some general assumptions, such as how much you'll charge, seasonal variations, major marketing initiatives. Then you provide a brief explanation of how these result in sales figures, on a month-by-month basis. This is crucial as it will force you to really think about the kinds of marketing activities you need to do to generate sales.

Example

Zebra Tutoring Sales Forecast

Key Assumptions

- *No sales in the first month - extensive networking to drum up business*
- *Slowest months: Dec (holiday season) and July/Aug – summer vacations*
- *Average hourly rate: $40 (increased to $45 by the end of Year One)*
- *Each student, on average, will attend one tutoring session per week*
- *Each student, on average, will have 3 months of tutoring*

Year One
September
$0 – launch of business –extensive networking (at least 3 x week)
Posters placed at 16 key strategic sites
October
$640 – Eager parents who want their son/daughter in tutoring immediately;
4 students x $40 x 4 weeks
Continue with extensive networking (3 x a week)
Attend the local community fundraising event
November
(etc.)

Sales are a result of marketing activities and are usually subject to seasonal variations. The key is set realistic estimates.

Key Assumptions

<Fill in the details here>

Cash Flow

A cash flow is both an overview and a detailed analysis of your business. It tells the story of what enters your bank account (through investment, loans and sales) and what leaves your bank account (in the form of expenses) on a month-by-month basis. Your cash flow statement should never show a negative number at the end of the month – a deficit must always be covered – by a line of credit, overdraft or other sources of cash.

Income Statement

An income statement or profit and loss account is one of the financial statements of a company and shows the company's revenues and expenses during a particular period. It indicates how the revenue are transformed into the net income or net profit.

Appendices

In this section, include all supporting documents; lease agreements, insurance, licenses, detailed survey results, shareholder agreements, articles of incorporation etc.