BUSINESS PLAN – TEMPLATE

# Business Description

## Business Overview

Consider the following business descriptors when writing your Business Overview:

* Legal Name of Business and Trade Name Business (if different from legal name)
* Business Address
* Mailing Address (if different from above)
* Phone number
* Fax number
* Email address

**Crucial Company Details:**

* Your Name(s) and Title(s) (if applicable), or if the business is a Partnership structure:  
  Owners and % Ownership (such as, Joe Someone 50%, Jane Someone-Else 50%)
* Structure of the Business (choose from Sole Proprietorship, General Partnership, Limited Partnership or Incorporated Company)
* Nature of Business (such as Retail, Wholesale, Fishing, Manufacturing, Agriculture, Professional Practice, Trucking, Restaurant, Service)
* Date your business was established
* Business background or history
* Bank and branch location used for business matters
* Bank and branch location used for personal matters

## Personal Goals

**What's your heart's desire?**

**When creating your short and long-term goals, consider these questions:**

* What is most important to you in life?
* How do you define personal success?
* Why did you decide to own your own business?
* If you run an established business, have your reasons for  
  owning a business changed?
* What do you hope to achieve financially?

## Business Vision

Brief, compelling and easy to grasp, your Business Vision can be a valuable tool for communicating what makes your business appealing to:

* Advisors
* Investors
* Employees
* Suppliers
* Customers

## Business Objectives

**Setting Targets**

Your objectives might set targets for sales, profitability, even hours of personal time per week - whatever is most relevant to you, your business, and success as you define it.

In order to meet your objectives, your goals should be SMART:

* Specific
* Measurable
* Attainable
* Relevant
* Time Measured

## Product Overview

Pinpoint the features of your products or services that set them apart from what your competition offers. For instance:

* If you own the only hardware store in your area, your location may be your greatest competitive advantage
* If you run a marketing consulting business out of your basement, your low overhead might be a competitive advantage

# The Market Place

## Industry Factors & Trends

**Your Competitive Advantage**

Describe what it is that your business is selling – your product or service and what makes it unique.

**Breaking out from the pack**  
If you manufacture a product, briefly describe its process and include any technical advantages this gives you over your competition. Remember to also include information about follow-up or after-sale service, such as guarantees, warranties or repairs.

If you wish to include photographs, add them to the Appendix of your report.

Describe factors and trends affecting your industry and consider their implications for your business. Issues to think about include:

* **Demographic** - The basic characteristics that your customers tend to have in common, like age, income level, geography or gender
* **Social** - Fads or shifts in popular opinion, often strongly influenced by the media, including television shows and commercials, sports teams and icons, magazines and peer pressures
* **Economic** - The state of the economy, both on a local and national level.
* **Technological** - How technology is affecting your industry
* **Regulatory** - The role government or other rule-making bodies play in your industry.
* **Environmental** - Your industry's relationship with the environment. Consider trends, like a call for environmentally-friendly products.

Based on the factors and trends you've described, what's the outlook for your industry for the next 3 to 5 years?

## Competition

**Identify Your Competitors' Strengths and Weaknesses**

* Consider factors such as price, customer service, location, reputation, and the range of products or services they offer.
* Which of your competitors' weaknesses can you improve upon?
* How might your competitors use their strength to try to suppress you in the marketplace, and how can you protect your business against them?

Beware of the temptation to suggest your company has no competition. Even if you're introducing something completely new to the market, your potential customers are currently satisfying their need in some other way.

## Customers

**Customer Segmentation**

Customer segments represent the different types of customers your industry serves. By dividing your market into segments, you'll understand the different groups of customers from which you can choose your target market.

**At a Glance**

Segments should be meaningful, measurable and profitable.

Each segment is bound together by:

* Buying behaviour
* Needs
* Demographics
* Tastes
* Other characteristics

Consider a swimming pool cleaning service, with customer segments such as:

* Home pool owners
* High schools with pools
* Apartment buildings with pools
* Sports clubs

**Target Customers**

From your list of customer segments, identify your target customers " the type of customer your business focuses on " and their defining characteristics. Ask yourself:

* What's most important to these customers when buying a product or service like yours?
* How often do they buy? How do they prefer to make their purchases?
* How are these customers currently filling their need for your product or service?
* What aspects of your offer will convince them to choose you?

# Sales & Marketing

## Sales

Think carefully about the processes, people and customer service that surround every sale. The right sort of customer service can help you appeal to your target customers, and can also offer them advantages that your competitors don't provide.

**At a Glance**

Happy customers are the key to any business' success.

Consider these questions:

* Where do you sell your product or service?
* Who participates in the sale?
* How do you your customers pay you?
* What are your credit terms? How do you make sure customers are creditworthy and will pay on time?
* Do you offer any discounts?
* What are your policies regarding returns, guarantees, and warranties?
* What sort of after-sale customer service do you offer?

## Marketing

Successful marketing usually involves balancing several variables, often described as the four P's of the Marketing Mix, which include: product, price, positioning and promotion.

**Positioning**

How would you like customers to think about your product or service? Your positioning is your business' answer to the question every customer asks when considering whether or not to buy: "What's in it for me?". Describe the key benefits you'd like your customers to value in your product or service. The best positioning:

* Appeals directly to your target customers
* Sets your business apart from the competition
* Is based on your competitive advantage

**At a Glance**

Look at things from the customer's point of view.

**Pricing**

Setting a pricing strategy can be one of the most difficult decisions for small business owners. As a starting point, calculate the break-even point and profit margin of your product or service. From a customer's perspective **Price = Value**, so your pricing will be a deciding factor in what customers you attract, how much you sell and how much you earn on each sale. Explain your pricing strategy, including how you came up with your prices and where they fall in relation to your competition.

**Promotion**

People need to know about your product, be willing to pay for it, and be able to find it. Promoting your business means to communicate and sell to potential customers using advertising, public relations, publicity and other forms of media. Promotion costs can be large in relation to your product's price, so a break-even analysis can be helpful.

Describe how potential customers will learn about your product or service and consider which medium will be most likely to attract your customers' attention.

The team section of your business plan profiles key members of your team, including yourself and any employees you may have. This is an opportunity to highlight each person's special qualifications and skills, and state what each person is responsible for in your business.

Your team section may also include brief profiles of external advisors to your business, such as:

* Banker
* Lawyer
* Accountant

# Business Operations

## The Team

**At a Glance**

Does hiring make economic sense for your business?

If you're starting up or running an established business, discuss your plans for filling vacant positions or growing your staff. Consider:

* Why are you hiring?
* Will hiring make you reach your personal goals?
* Does hiring make economic sense for your business?
* What specific skills will these new employees need to possess?
* Where do you intend to find new employees?
* How much are you willing to pay them?
* How will you train them?

If you're winding down your business, outline any succession plans that provide for management or ownership of the company after your departure.

## Suppliers & Alliances

**Suppliers**

Suppliers who are able to meet your needs reliably and at the right price are essential. Suppliers include any business whose products or services you need to provide your offering to customers.

If you're starting up, list the kinds of suppliers you'll need, and describe how you intend to find potential suppliers and establish relationships with them.

**At a Glance**

Focus on businesses that cooperate with your own.

If you run an established business, list your key suppliers, the type of product or service you buy from them, and their credit terms.

Be sure to think about what would happen if you lost one or more of your key suppliers. How easily could you replace them? What other suppliers would you turn to? Also, consider how and when you order and receive products or services from suppliers. Can anything be improved?

**Alliances**

Alliances are special relationships you have with other businesses, associations or societies that complement your products or services with their own. Usually the arrangement is mutually beneficial, allowing your business to reach new customers or better serve existing ones.

In your business plan, list business alliances your business has or is considering, detailing the purpose and terms of each.

## Planned Changes

It's likely that your business plan involves adding to or changing some aspect of your business. Such decisions can have a significant impact on your business' financial position, and it's crucial to consider them carefully.

If you run an established business, detail any major additions or changes you are planning to make. If you're starting up, discuss your main requirements, including what premises, equipment, or vehicles you'll need to get your business off the ground.

* How much do you expect each purchase to cost?
* What are your reasons for making each purchase?
* Where are you in the buying process? Do you have quotes?
* How are you paying for these changes?
* Do your planned changes raise any regulatory issues? Consider the municipal, provincial, and federal levels of government.
* If you require financing, what is the total amount you will need to borrow?

You may wish to pursue [term financing](http://www.scotiabank.com/ca/en/0,,567,00.html) or [leasing](http://www.scotiabank.com/ca/en/0,,568,00.html) for such purchases. Your accountant or banker can help you consider such alternatives.

## Contingency Plans

Begin by outlining arrangements you've made or intend to make, to ensure you, your family, your employees, and your business will be able to adapt to potential changes. These may include:

* Personal insurance, like disability and life insurance
* Your prepared Will
* Business insurance, like commercial property, interruption, and general liability insurance
* Credit insurance
* Employee insurance, like worker's compensation insurance. Most businesses are required by law to carry workers' compensation insurance. To learn more, visit your provincial Worker's Compensation Board.
* Succession plans that provide for management or ownership of your business in the event you or other key members of your team unexpectedly decide to leave the business or are unable to work.

**At a Glance**

You have a much greater chance of succeeding if you have a contingency plan.

Finally, turn your attention outward. Ask yourself about sudden challenges that could confront your business. Think about:

* [Competitors](http://www.scotiabank.com/ca/en/0,,600,00.html)
* [Suppliers](http://www.scotiabank.com/ca/en/0,,978,00.html)
* [Customers](http://www.scotiabank.com/ca/en/0,,972,00.html)
* [The Team](http://www.scotiabank.com/ca/en/0,,977,00.html)
* [Industry Factors and Trends](http://www.scotiabank.com/ca/en/0,,599,00.html)

# Financials

## Personal Finances

* As a business owner, your personal finances are closely tied to your business' finances. As your business succeeds, so will you. Many owners improve their business' chances of success by contributing personal resources in the form of loans and cash contributions. That's why it's crucial to develop a personal financial plan that you periodically review in conjunction with your business plan, planning your personal finances and goals with your business.
* **Statement of Net Worth**
* There are a number of elements to a personal financial plan, from how you manage your investments and finance your mortgage, to education, retirement, and will and estate planning.
* A key part of your personal financial plan is your Personal Statement of Net Worth, which is a snapshot of your financial position. It compares your personal assets - **everything you own**, from the cash in your bank account to the market value of your car - to your personal liabilities - **everything you owe**, from the balance on your credit cards to your mortgage. The difference between the two is your net worth. When recording your assets and liabilities on your Personal Statement of Net Worth, show their current values. These may be different from their original costs.

## Business Finances

There are three types of financial statements that will be necessary to provide a complete picture of your company: a Balance Sheet, an Income Statement, and Cash Flow Projections. Projected financial statements, known as Pro Forma Statements, can help you work through various "what if" scenarios for your business, and allow you to plan where you want your business to go.

If you run an established business, financial statements from the last few years will communicate where your business is coming from. The more years of historical information you provide, the deeper the insight you'll give into your business' financial position and how it has changed over time. Whatever life stage your business is in, your financial Statements should be a reflection of the growth, operations and market you described in the first half of your business plan.

**Revenue - Expenses = Net Profit or Loss**

**Balance Sheet**

Just as a Personal Statement of Net Worth is a snapshot of your personal assets, liabilities and net worth, a Balance Sheet is a snapshot of what your business owns and owes at a specific point in time, usually at the business' year end. By drawing up Balance Sheets on the same day each year, you can track your business' progress over time. A Balance Sheet is divided into 3 sections:

* Assets, or what your business owns.
* Liabilities, or what your business owes.
* Equity, or the difference between what your business owns and owes.

If you run an established business, include in your Business Plan past Balance Sheets for your business, ideally for the last three years. If you're starting up, create a Balance Sheet by detailing the assets and liabilities your business already has.

**Income Statement**

An Income Statement is a summary of your business' performance over a specified period of time, normally one year. It starts with your business' revenues (also called sales) and subtracts the expenses incurred to generate those revenues. The result is your business' net profit or loss.

If you run an established business, include Income Statements for your business, ideally for the last three years. Whether you're starting up or you run an established business, create Pro Forma, or projected, Income Statements that reflects your business plan. That means estimating your sales, cost of goods of sold (for non-service businesses) and expenses; including depreciation, interest, and income taxes - and profit for coming years.

**Cash Flow Projections**

A business can show skyrocketing sales and profits on its Income Statement, but still be forced to shut its' doors because it doesn't have enough cash on hand to meet its' obligations. Why? Because income doesn't take into account when revenues are collected and expenses are paid.

The biggest sale in your business' history might not matter if you have bills to pay this week and your customer isn't planning to pay for 90 days. That's why forecasting cash flow is critical to keeping your business healthy. Include in your business plan Cash Flow Projections by listing all the cash you expect to come in to and go out of your business each month for the next year.

If your Cash Flow Projections suggest that your business will need cash, talk to your banker about financing options. For instance, you may want to consider an operating line of credit to help meet day-to-day requirements and cover cash flow needs until you can collect your accounts receivable.