



# A Guide to Successful Business Planning



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# About this Guide

## Overview

The Battle River Economic Opportunities Committee (BREOC) is a partnership of seven communities that have taken ownership of driving and leading economic prosperity in their region. This region spans two counties in East Central Alberta, the County of Paintearth and Flagstaff County, which house the BREOC municipalities: Castor, Coronation, Halkirk, Forestburg, and Heisler.

BREOC has developed a comprehensive strategy to diversify, strengthen, and create long-term success in their regional economy. A key aspect of this strategy is to support entrepreneurs in a variety of ways including providing tools to assist in the creation of business plans for new ventures. The following document is a tool that will provide the reader with critical information and strategies, in starting, working through, and finalizing a business plan.

## Purpose

This guide has been designed to aid prospective entrepreneurs with a business idea in developing a well-designed and thorough business plan. By following the steps of the guide, the reader will be able to develop a business plan that will not only assess the validity of the business idea but will create a working plan that will aid in foreseeing potential obstacles, inefficiencies, and strengths of the venture.

## How to Use the Guide

This guide will ask critical questions, while providing information and presenting strategies, in order to get the reader to think their business through in its entirety. This guide provides pertinent information in each area of business planning including marketing, operations, human resources, and financial statements, which then leads into the format of the guide.

It will follow eleven digestible key steps for the entrepreneur to follow which are listed below.

Step 1: Entrepreneurial Self-Assessment

Step 2: Identify the Opportunity

Step 3: Market Research

Step 4: Marketing

Step 5: Operations

Step 6: Human Resources

Step 7: Financials

Step 8: Risk Identification

Step 9: Evaluation of Proposed Business

Step 10: Putting it All Together

Step 11: Review – Business Planning Checklist



The success of start-ups is highly dependent on the initial effort put into researching and collecting knowledge about the environment the proposed business will operate in. Business plans are developed to create a path to a successful future, therefore each step in the following guide should be performed free of bias and subjectivity to avoid misleading information. Each step in the guide builds on the one before it, so each should be seriously considered and fully completed.

While this is a comprehensive guide, it should be noted that each business and business model is different; even very similar business models will have different plans depending on the entrepreneur's characteristics and situation. Therefore, there may be some aspects of the reader's business venture that may not be included within this document. It should be ensured that the entrepreneur is on the lookout for aspects of the business plan that will require more focus or consideration than other ventures.

## This is Just the Beginning

A business plan is meant to be a live document, so once the first version is completed, the reader should revisit, adapt, and use the plan to prepare for the ever-changing future. Use this guide as a base to aid in building the business plan. It will help create a solid foundation.

Keep in mind that to truly build a fully comprehensive business plan, it will take dedication, passion, and research to accomplish.



# The Importance of Business Plans

A properly created business plan is the most effective management tool available for multiple reasons. It helps the entrepreneur plan in a logical, organized manner for the future of their company. It aids in anticipating and meeting the inevitable change of the future of their business and the environment it operates in.

The most valuable aspect of a business plan, however, is that it lets the entrepreneur assess their business and its potential models in their entirety, thinking through the linkages associated with each aspect of their operation. Performing all the tasks involved in developing a business plan will aid in identifying potential flaws and pitfalls that would negatively impact a business. It also allows one to assess and enhance the strengths that the business possesses.

## Business Planning Process

The following is the process we propose for creating the business plan.



# Step 1: Self-Assessment and Goal Setting

## Key Outcomes

Completing this section will provide the following key outcomes:

- The professional strengths the owner is bringing to the business
- The professional gaps that will need to be filled
- The personal and professional goals of the entrepreneur for their business and life

## Entrepreneurial Assessment

It is important for a potential business owner to assess if they are truly ready to take on the commitment of owning their own business and becoming an entrepreneur. While it can be a rewarding career option, it is full of ups and downs, uncertainty, and constant problem solving. This section allows the reader to see if they are ready to jump into the waters of entrepreneurship.

## Common Traits of Entrepreneurs

While entrepreneurs possess an array of personalities and traits, there are some common traits seen within successful business owners. Please note that anyone can be an entrepreneur, these are just traits that are commonly seen and expressed in the entrepreneurial community.

- **Work Ethic** – Business owners often work consistent overtime hours for their business. They are incredibly driven individuals who tend to sacrifice their personal time.
- **Passion** – Entrepreneurs start because they have a passion for their business or business idea. For some it is becoming their own boss, for others it is solving a problem for their consumers, and for others it's money. They are driven by a variety of things, but they are all driven by some purpose that they are passionate about.
- **Motivated Self Starter** – Many entrepreneurs must rely on themselves, their own ambition, and their motivation, so they are not lacking in the ability to take initiative.
- **Life-Long Learner** – Entrepreneurs must be open to learning new things every day; they are generally open to this notion and strive to gain knowledge and lessons from all aspects of life.

## Available Time

As stated before, entrepreneurs must dedicate significant time to their business. It needs to be a passion, and a priority, should it have the potential to succeed. A potential entrepreneur needs to assess if their families, loved ones, or dependents, will be okay with the extra time they will be spending on their business. If not, it will affect the sustainability of the business and the lifestyle of the entrepreneur.



## Business Skills

Just like personality traits, there are common business skills that are held by successful business owners. The list below shows functions and skills that are commonly needed in the workplace that directly translate to running a business. Which one's applies to the entrepreneur?

### Setting up a Business

- Site Selection
- Obtain Licenses & Permits
- Choosing an Organizational Structure and Ownership Type
- Arranging Initial Financing
- Determine Initial Inventory Requirements

### Managing Money

- Keeping Financial Records
- Managing Cash flow
- Handling Credit
- Budgeting

### Managing People

- Hiring Employees
- Supervising Employees
- Training Employees
- Motivating People

### Directing Business Operations

- Managing Facilities
- Purchasing Supplies/Inventory
- Managing Supplies/Inventory

### Directing Sales & Marketing Operations

- Identify Customer Needs
- Developing new Product & Service Ideas
- Developing Strategies/Tactics
- Making a Sale
- Point of Sale Operation



# Personal Goals and Vision

Goals are a crucial starting point. They provide a vision of what we want the future to look like. Without this, the journey can be even more difficult and often unproductive. It is very important that an entrepreneur considers their personal goals when researching their proposed business along with their professional goals. For many people, these are one and the same, however, if one’s personal goals are not conducive to the type of business venture they are exploring, then it is important to make the necessary change now and not after the business has been started and invested in.

For example, if the personal goal is to get more family time, and the business venture will involve heavy travel, this will lead to an unsustainable and unhappy professional life.

Ensure that the goals are well thought out and follow the standard SMART process. Are the goals specific, measurable, attainable, relevant, and time-Bound? Use the example below to evaluate goals.

Table 1: SMART Goal Setting Evaluation

Criteria	Justification
Goal #1	I will launch my business by September next year.
Is it specific? How so?	Yes. I am setting out to launch my business.
Is it measurable? How so?	Yes. It is set on the parameter of launching or not.
Is it attainable? How so?	Yes, launching my business is attainable.
Is it relevant? How so?	Yes, launching my business is a relevant goal in my life.
Is it time-bound? How so?	Yes. I have decided to launch in September next year.





# Step 2: Identify and Screen the Opportunity

## Key Outcomes

Completing this section will provide the following key outcomes:

- A full explanation of the business idea including the name
- The 'why' behind running the business

## Fully Explain the Business Idea

Every product/service that is offered today started as an idea. There is a strong distinction between a business idea and an opportunity. A good business idea may not be a viable business opportunity.

In a notebook, or out loud, take this chance to fully, and informally, describe the business idea. Will it be based on a product or a service? What products or services specifically? It is important to lay out the idea upfront. By the end of the guide, the idea will most likely evolve from this baseline, so be sure to explain the idea fully and specifically upfront.

Explain the motivation to pursue this idea specifically. Is there a personal reason? Is there is a need for the product or service? If so, why? Has there been an interest in the idea from friends, family, or other outside sources?

Now, list the business names or name ideas. This does not have to be decided right now, but again, after finishing the guide it is key to see how the ideas have evolved. If it has been decided, list the business name, but if not, list three (3) to five (5) potential names.

Furthermore, define the vision for the business location. Is it suitable for a storefront? Does it need to be an e-commerce venture? Should it be both? Is it a business-to-business offering? Is it a manufacturing or production facility? Should it be a farmer's market offering to start with? Ask these questions and brainstorm potential options.



# Step 3: Market Research

## Key Outcomes

Completing this section will provide the following key outcomes:

- Different types of market research
- Strategies for collecting market research for target markets, competitors, and industry

## What is Market Research?

Other than the understanding of personal and professional goals, market research is the most important first step an entrepreneur can take for their business. Recognizing this will set them up to build a successful plan.

Market research is defined as the systematic and objective process of generating information to aid in marketing, operations, financial statements, human resources, and product decisions. It also allows a prospective entrepreneur to discern the presence of a market opportunity. Generally, market research is gathered pertaining to desired target markets, potential competitors, and industry trends.

## Types of Market Research:

### Primary Research

Primary market research is the creation of original data either collected in person or through someone that is hired. This is costly and time-consuming but can result in more useful research than from secondary sources. Some ways to collect primary research are:

- Observation
- Surveys: Phone, Mail, In Person
- Focus Group and Interviews
- Mystery Shopper
- Get into the community and facilitate conversations



## Secondary Research

Secondary market research is the collection of data from outside sources such as online resources, books, industry leaders, and more. Some examples of secondary market research sources are:

- Chamber of Commerce
- Board of Trade
- Regional District Government Office
- Trade Associations
- Statistics Canada
- Newspapers, Radio & TV
- Trade publications
- Trade suppliers
- Similar Businesses in another city
- Business Section in Library
- Phone Book (Yellow Pages)
- Bookstores
- Economic/Business Development Department
- Academic Papers/Literature

## Market Research and Analysis

The market research and analysis need to be thorough. As mentioned previously, it sets the tone for the rest of the plan. If information is incorrect, or not fully explored, it may pave the path for ineffective strategies. The market research analysis will cover target markets, competitors, and the industry.

## Market Share

Now that the target market has been defined, it is important to understand the potential market share. Market share refers to the amount of individuals, out of the accessible customer base or target market, that will purchase or use the product and/or services offered. How many customers will be attracted by the business given its product and location? Is this number large enough to sustain a business?



## Competitors

It is time to assess the competition in the business sector. Entrepreneurs who believe they have a business so unique that they have no competition are not brainstorming hard enough. An interesting exercise is to think of the competitors of a fast-food start-up. Many will mention McDonalds, Wendy's, Subway, and other fast-food chains as competitors. However, the competitors are all businesses competing for a consumer's food budget. This includes grocery stores, classy restaurants, and food trucks.

Broaden the scope of what the competition may be and think about the following questions.

- Who are my competitors?
- What are their strengths/weaknesses?
- What is their price point?
- What services and products do they offer?
- Where are they located?

This information is extremely valuable in assessing what the business needs to stand out, to have a unique voice, and to have a unique selling position (USP).

## Industry Analysis

Understanding the industry also holds a great deal of importance for the entrepreneur. When a business owner gets consumed by their business, it is crucial that they keep one eye on the larger picture. Industry trends at a macroeconomic level can heavily influence the success of a business and its future. It is important to be tuned into industry trends such as:

- Regulations and Governing Laws
- Distribution channels
- Supply chains
- Suppliers
- Key external drivers
- Actual and Potential Industry Size
- What are the current industry trends?

Collect information from secondary sources regarding these aspects of the proposed industry.



# Step 4: Marketing

## Key Outcomes

Completing this section will provide the following key outcomes:

- Define target markets
- Strategies surrounding the execution of the five 'P's' of marketing, product, price, promotion, place, and people, which make up the core of the marketing plan

## What is Marketing?

Many individuals believe that marketing is only the external promotion of a company's products, services, or brand. While that is a large part of it, there is a lot more that goes into creating a marketing strategy, and overall brand. These are encompassed in the 5P's of marketing: Product, Price, Promotion, Place, and People. All the decisions that are made focusing on these five factors will influence a consumer's decision to purchase, and therefore is included in the 'marketing mix'. Additionally, all of the decisions made within the marketing mix, need to be based and focused on the chosen target market for the product/service.

## Target Market

A target market is a group of consumers that a product or service is catered to. The target market guides marketing and operating efforts, which are significant in terms of overall expenses. Therefore, many factors need to be considered when assessing the specifics of the target market, as their importance is rather significant within a business. Target markets are generally defined by the traits listed below. A valuable exercise is to create three customer profiles based on these traits.

- Demographics: Age, gender, income, family size, and/or education
- Psychographics: Attitudes, values, interests, online behaviour
- Behavioural: Spending habits, browsing habits, loyalty to brands, interactions with different brands
- Geographic: Country, region, city, postal code



# The 5 P's of Marketing

The following section provides information on each of the 5 P's that make up the marketing mix.

## Product (or Service)

When a consumer observes a product, it is rare that they understand the amount of effort that went into its design. All aspects of a professionally created product, from its colour to its dimensions, to its utility, are conscious decisions made to optimize the consumer experience. The same goes for services.

It is important to start by defining the product/service clearly in detail. While these decisions are being made, it is important to start thinking about the competitive advantage that the product will present in the market. After defining the product, identify the decisions that still need to be made. This exercise should allow one to answer the following questions:

- What are the unique selling points (USP) of the product?
- Why should a consumer care about the product as opposed to its competitor?
- Is it enough to differentiate itself in the market?

## Price

Pricing strategy is an incredibly important piece of a business model and the marketing mix. It must coincide with the goals of the entrepreneur and the vision for the future of the business. A pricing strategy that fits the business comes from in depth analysis of the current and future financial situation, the target market, and more. However, there are some common strategies that can be considered and adapted for the business. These are presented below as well as their advantages and disadvantages.



Table 2: Pricing Strategies, their Definitions, Advantages, and Disadvantages

Pricing Strategy	Definition	Advantages	Disadvantages
Cost Plus Pricing	Calculate the cost of goods and add a designated mark-up percentage (e.g., 15%-20%)	<ul style="list-style-type: none"> <li>• Consistent rate of return</li> <li>• Takes little market research</li> </ul>	<ul style="list-style-type: none"> <li>• Discourages market research as it is internal</li> <li>• Can create profit loss due to less awareness of the market</li> </ul>
Competitive Pricing	Set a price based on the competitors. This can be below, equivalent, or above the competitor's price. Either way the product is priced, it must also provide the appropriate profit margin for the business.	<ul style="list-style-type: none"> <li>• Simple to implement, based on limited research</li> <li>• Can be added to other models to create a merged strategy</li> </ul>	<ul style="list-style-type: none"> <li>• If pricing is equivalent to a competitor, it may not stand out enough.</li> <li>• The competitor pricing strategy will not always align with the goals</li> </ul>
Value-Based Pricing	Set a price based on what the customer believes the product is worth. An example of this is the price of a painting. The painting is often worth more than what it cost to produce.	<ul style="list-style-type: none"> <li>• Can increase the price and the profits</li> <li>• Competitors can affect perceived value</li> </ul>	<ul style="list-style-type: none"> <li>• It requires a lot of target market research to find perceived value.</li> <li>• Requires trial and error.</li> </ul>
Price Skimming	Set a high initial price and lower it as the cost of goods becomes more efficient.	<ul style="list-style-type: none"> <li>• Can give a higher return on investment</li> <li>• Early adopters are able to test new products</li> </ul>	<ul style="list-style-type: none"> <li>• It can anger early adopters and decrease consumer loyalty</li> </ul>
Penetration Pricing	The opposite of price skimming, set a low price to effectively enter the market and raise it as the consumer base increases.	<ul style="list-style-type: none"> <li>• Lots of early adopters and consumer loyalty built early on</li> <li>• Can take customers from competitors</li> </ul>	<ul style="list-style-type: none"> <li>• Low prices can damage a brand image</li> <li>• Penetration pricing can trigger a price war or a 'race to the bottom'</li> </ul>



## Place (Distribution)

Place refers to the locations a product or service is visible, available, distributed, or sold. Ensuring that placement is optimized can create a lasting effect in a consumer's mind. Put thought into where the product should be positioned in the store as customers enter, where it is located on a website, or where it is located among third party distributors. From this point, channels of distribution can be decided. Channels of distribution are the systems responsible for getting a product from the manufacturer to the customer. Here are two types of distribution channels:

- **Direct Distribution** – In this distribution model, the manufacturer maintains control of all aspects of distribution. Typically, this is a store-front model, in which a customer browses and purchases a product produced by the store. It can also be an online ordering model in which the product creator ships directly to the customer.
- **Indirect Distribution** – In this distribution model, intermediaries are introduced. Intermediaries can be brokers, wholesalers, or retailers. It refers to any distribution channel that does not transfer the product directly to the customer.

## Promotions

Now for the enticing part of marketing: designing and placing external advertisements that potential customers will view. Critically engage in a thought experiment of what promotional channels the business is willing to invest in. Remember, advertising is not cheap, so it is critical that appropriate channels are chosen that will produce results for the business. To make these promotions possible however, a logo and a business name are needed. So, prior to pursuing these promotional channels, identify the brand and how the business should be perceived. Below, online and print strategies are defined and explored.

### Online Promotions

Two highly recommended online promotional channels are social media (Facebook, Instagram, Twitter, LinkedIn), and website. Regardless of the business and budget, traffic and consumer interest can be driven using those two strategies. Within social media, there are a variety of strategies. Ensure that additional research is done on how best to utilize social media for specific businesses and business models. In that respect, some baseline strategies are as follows.

- Drive individuals from social media to the website using links in all posts
- Choose the correct social platforms for the business and target market
- Post consistently and regularly at specific times of the day
- Post engaging content with visual aids, pictures, and videos
- Create a consistent online brand by ensuring that all social profiles have the same name and logo





### Print Promotions

Less popular these days, but still powerful depending on the business, are print options. Some options include newspapers, promotional flyers, magazines, and local tourism guides. Again, the effectiveness of these strategies is highly dependent on the business model. Ensuring that branding and communication is consistent across the entire promotional strategy is key in communicating a consistent message and brand.

## People

The final P of marketing is people, referring to the people hired to make the business operate. It is crucial that the right individuals are hired to market the business, handle product creation, sales, and more. Their personalities should adhere to the company's values and should prioritize the customer experience. For example, within a restaurant setting, the wait staff should be individuals who can handle difficult customers within a rushed setting, all while delivering exceptional customer service. Some thought should be put into who is representing the company, the service, and the product.



# Step 5: Operations

## Key Outcomes

Completing this section will provide the following key outcomes:

- Product and/or services list
- Business location and the reason behind it
- Process of creating the product or offering the services
- Key suppliers
- Key operational equipment

## What are Operations?

Operations are the activities that businesses engage in daily to increase the value of the business and the chance to create a profit. By planning, strategizing and optimizing these activities the ability to generate a profit is increased. Some examples of operational activities are deciding on business location, manufacturing the product, preparing services, generating sales, product research and development, and securing raw goods to create product.

## Operational Analysis

The following section in the guide helps plan and assess operational infrastructure. The first section that is tackled is the list of product and services that will be offered by the business. The second is the plan for creating these products or services. The third are key resources needed to create these products and services including raw goods, equipment and suppliers.

## Product and Service List

Of everything covered in the business planning guide, the true heart of a business is the product/service provided to the target market. One of the most common reasons businesses are started are due to an idea for a product. List all products the business will offer when launched. Proceed by brainstorming over the following questions.

- What problem is the product/service solving?
- Is a more comprehensive offering required to make my business sustainable?
- What other products/services could supplement my main offerings?

## Product Creation

Physically, creating a sellable product is not always easy as there can be many moving parts, including equipment and the production team involved. This process must be planned thoroughly for maximum effectiveness and cost cutting. The following questions should be asked to brainstorm the product creation process.



- What is the beginning of the process? What materials/resources are needed?
- What intermediate steps are necessary in creating this product? What materials/resources are needed?
- What are the final steps to make the product sellable? What materials/resources are needed?

## Business Location

The location of a business is an important decision. It defines the local consumer base and the accessible distribution channels. The business must also decide if it will be a will be a store front, e-commerce site, farmer's market business, a business-to-business supplier, or a production, or manufacturing facility.

## Key Resources

Key resources within operations refer to both the suppliers needed for operations, as well as the equipment that is needed.

### Suppliers

When choosing suppliers for raw goods the following are some questions to consider.

- Does the supplier have good reviews and reliability?
- Will they allow payment at the end of the month? Or will they require prepayments on orders?
- Are their values aligned with the needs of the business? (e.g., speedy delivery and high quality)
- What is their process when a shipment is lost or damaged?
- Are their prices reasonable? Will they allow the business to make a profit?
- What are their delivery times after an order is made?

### Key Equipment

Within the product creation process, equipment or standard operating procedures may have been identified that could be useful or necessary in creating the product and increasing efficiency. If not, assessing competitors and their processes may reveal key equipment that should be considered.

An example of key equipment in a hair salon, are the required chairs, mirrors, hair cutting equipment, and hair products. In many cases, the key equipment can be obvious, but listing it helps limit gaps that may arise.

Research the key equipment needed and look for the most cost-effective ways to procure the equipment. For example, a lot of heavy-duty machinery can be found second hand and fully operable. Again, this depends on the needs and financial limitations of the business.



# Step 6: Human Resources

## Key Outcomes

Completing this section will provide the following key outcomes:

- The staff requirements necessary to offer the products and/or services
- The salaries of the required staff
- The professionals, mentors, peers, and organizations necessary to consult to reach the goals of the business

## What are Human Resources?

Primarily, human resources refer to the management of the employees, contractors, managers, and other individuals that are necessary to run the business. However, while this is the bulk of human resources, another side needs to be explored further for the successful planning and optimization of a business. These are the individuals used to help plan the business at the strategic level. These can be professionals such as accountants and lawyers, but it also refers to potential mentors, and the local business community.

## Staff

Based on the Operational Analysis completed above, how many staff are needed to operate the business? What skills will they need to have? Are there specific individuals that need to be prioritized for successful operation? (e.g., winemaker for a winery or graphic designer for a website creation business). Now, once the positions are defined, what are they getting paid elsewhere in other positions? An in-depth search will reveal the salary cost for the defined staff.

## Additional Support

What professionals are needed to be consulted? Accountants? Lawyers? Mental health professionals? State the available mentors in the local community and the value they may be able to provide. Is there a local business or entrepreneurial network that could be of use?

\*As an entrepreneur it is important to remember that one cannot do everything on their own. Everyone needs support.



# Step 7: Financial Statements

## Key Outcomes

Completing this section will provide the following key outcomes:

- An understanding of financial statements of import
- Complete workbook of financial statements including personal financial statement, start-up and operating expenses, sales forecasting expenses, projected balance sheet, projected income statement, projected cash flow, and breakeven analysis.

## Personal Financial Statement

### What is it?

The personal financial statement is a statement of all assets, equity and debt held by the individual(s) beginning the business. These are the financials separate from the business. This is a simple exercise to assess the personal financial situation of the entrepreneur(s) involved in the business.

### How to Complete it in the Workbook

Fill out the sheet by brainstorming all personal assets of worth, and all personal debts owed. Some examples of assets are cars, houses, valuable collectibles, savings, properties, and the like. Some examples of debts are student loans, lines of credit, credit card, and mortgages.



Table 3 - Personal Financial Statement Template

Personal Debt	Amount (\$)
Student Loans	
Mortgages	
Lines of Credit	
Credit Cards	
Other	
<b>Total Personal Debt</b>	
<b>Personal Equity / Savings</b>	
Personal Equity / Savings	Amount (\$)
Savings/Investments	
Property	
Vehicles	
Other	
<b>Total Personal Equity / Savings</b>	
<b>Company Debt</b>	
Company Debt	Amount (\$)
Loans	
Other	
<b>Total Company Debt</b>	
<b>Company Equity</b>	
Company Equity	Amount (\$)
Property	
Vehicles	
Assets	
<b>Total Company Equity</b>	
<b>Potential Collateral for Use</b>	



# Start-Up and Operating Expenses

## What is it?

Start-up expenses are the various one-time expenses incurred when starting a business. It is important to consider all the costs of opening the doors to the business including renovations, logo design, web design, incorporation costs, and more. There will be a lot to consider and some surprises, so to limit these surprises, ensure that a full assessment is completed up front.

Operating costs are the costs spent every month to keep the doors open. There are fixed costs, which are independent of revenue, such as utilities, salaries, mortgages, and interest expenses. There are also variable costs, which are dependent on revenue and customer traffic, such as cost of goods, production supplies, commissions, and hourly labour. By filling out this section of the workbook, expenses can be tracked, a financial projection can be created, and budgeting will become more efficient.

## How to Complete it in the Workbook

- Review the list of expenses on the Start Up Expense sheet and add any that are not listed
- Brainstorm, research, and fill in the Operating Expenses forecasted for the business
- Add up the Total Operating Expenses
- Brainstorm, research and fill in the Starting Inventory, and Equipment needed and their associated costs
- Add Operating Expenses, Starting Inventory, and Equipment Costs to find the Start-Up Expenses.
- Fill out the Sources of Financing section
- Take the Total Start Up Expenses and subtract Total Funding Raised to find the amount of funding that needs to be secured



Table 4 - Expenses and Funding Tracker

Operating Expenses	Amount (\$)
Business License	
Phone/Internet Hook up and Ongoing Plan	
Rent/Mortgage/Lease	
Damage Deposit	
Accountant	
Lawyer	
Other Consultants	
Insurance	
Office Supplies	
Licenses and Municipal Taxes	
Marketing	
Utilities	
<b>Total Operating Expenses</b>	
Start-Up Expenses	Amount (\$)
<b>Miscellaneous Expenses:</b>	
Renovations	
Starting Inventory	
Logo and Website Design	
Other	
<b>Sub-Total Miscellaneous</b>	
<b>Equipment Expenses:</b>	
Purchased Equipment	
Rental Equipment	
Computers - Software needs	
Phones	
Security Equipment	
Other	
<b>Sub-Total Equipment</b>	
<b>Total Start-Up Expenses</b>	
<b>Total Expenses (Dollars Needed)</b>	

*\*Table continues onto the following page.*





Sourcing of Financing	Amount (\$)
Savings	
Family	
Loan	
<b>Total Funding (Dollars Raised)</b>	
<p style="text-align: center;"><b>Difference Between Dollars Needed and Dollars Raised</b></p> <p style="text-align: center;"><i>This is amount of funding that needs to be secured.</i></p>	



# Sales Forecast Schedule

## What is it?

Sales forecasting is exactly as it sounds; it is the practice of predicting future sales. Forecasting sales for a new business can be a difficult task. The quality of this section relies heavily on the quality of previous research including market research, customer demand, competition, and production limits. So, if this is not done to the necessary quality, now is the time to go back and complete it.

## How to Complete the Workbook

While there are many variations of creating sales forecasts, the following section uses a sales-forecasting method called the Top-Down method. It involves starting from high level market data, such as available target market, and working down to revenue, to find the number of units that should be sold. Take the following steps to complete this table.

Table 5: Sale Forecasting Example

Category	Amount (Units Vary)
Target Market	10,000
Units Needed per Customer (per month)	4
Number of potential sales	40,000
Price per Unit	\$ 10.00
Potential Income Per year	\$ 400,000.00
Market Share	20% or 2000 customers
Sales per Month	Number of Customers * Units Sold * Cost of Unit
Revenue per Month	\$80,000

- Perform the above-mentioned forecast for each product/service offered
- Fill in the units sold for each product/service in the corresponding sections
- Place the sale price in for each of the products/services
- Calculate the total revenue for each of the products/services by multiplying units sold by the sales price
- Add up the all the Total Revenues for each of the products and put this in Total Revenue



Table 6 - Sales Forecast Schedule

	MONTHS												Year End Totals
	1	2	3	4	5	6	7	8	9	10	11	12	
Product One													
Units Sold													
Sales Price													
Total Revenue													
Product Two													
Units Sold													
Sales Price													
Total Revenue													
Product Three													
Units Sold													
Sales Price													
Total Revenue													
Product Four													
Units Sold													
Sales Price													
Total Revenue													
Product Five													
Units Sold													
Sales Price													
Total Revenue													



# Projected Cash Flow

## What is it?

The projected cash flow statement is the most important financial statement, and one that potential lenders will turn to right away within a business plan. It is a future projection of the money coming into the business, and the money being spent by the business. It is an important time-bound indicator and gives clues as to when money will need to be borrowed, or when the business will start making a profit. Many financial institutions will ask for cash flow statements for three (3) to five (5) years into the future on loan applications. This can be challenging and requires ample research, deduction, and knowledge of the business and its industry.

It is important to note that the first month of the cash flow is not when sales are being made, but when money is being spent on operation. If money is being spent in September, but the first sale is made in December, September is Month One (1).

## How to Complete the Workbook

- Within the Projected Cash Flow statement, fill in the beginning cash balance in line 1 for month 1. Cash balance is the money that the business has available for use.
- From the Sales Forecast Schedule, fill in line 3 "Cash Sales".
- Fill in the required loan amount, as a negative value. This amount comes from the Start Up Expense sheet. Put this amount in line 5 month 1.
- If selling any fixed assets, put the projected value in line 6 and remember to be realistic.
- Add up line 1 through 6 and put the number in line 7. This is the total amount of cash the business will receive in month 1.
- Fill in the different Cash Disbursements "Cash Out" for month 1 and total them in line 33.
- Calculate the Closing Cash Balance by taking the Total Cash Receipts (line 7) and subtracting Total Cash Disbursements, line 33, and putting it in line 34 to find the Closing Cash Balance
- Fill in the Beginning Cash Balance for month 2 with the amount showing for the Closing Balance of month 1.
- Repeat steps 2 through 8 for each of the remaining 12 months. Complete one month at a time.
- This sheet can be used for Year Two (2), Year Three (3), and so on.



Table 7 - Projected Cash Flow

	MONTHS												Year End Totals
	1	2	3	4	5	6	7	8	9	10	11	12	
Beginning Cash Balance													
Cash Receipts (CASH IN)													
Cash Sales													
Collection from Accounts Receivable													
Loan Balance													
Sale of Fixed Assets													
<b>TOTAL CASH RECEIPTS</b>													
Cash Disbursements (CASH OUT)													
Rental - Premises													
Office Supplies													
Marketing													
Automobile													
Bank Charges (account, credit card fees, etc.)													
Insurance													
Accountant													
Licenses and Municipal Taxes													
Lawyer													
Benefits (UIC, CPP, HP, WCB, Medical/Dental)													
Rentals - Other (equipment, etc.)													
Repairs and Maintenance - Premises/Equipment													
Salaries - Management													
Salaries - Other													

\*Table continues on the following page



	MONTHS												Year End Totals
	1	2	3	4	5	6	7	8	9	10	11	12	
Telephone													
Travel													
Utilities (heat, light, water, etc.)													
Loan Repayment													
Payments or Purchase of Fixed Assets													
Payments of Accounts Payable/Inventories													
Other Cash Expenses													
Operational Inventory													
Computer													
<b>TOTAL CASH DISBURSEMENTS</b>													
<b>CLOSING CASH BALANCE (Surplus or Deficit)</b>													



# Balance Sheet

## What is it?

The Balance Sheet is a snapshot of the business' financial position. It demonstrates what the business owns (assets), and what it owes (liabilities), at the present time. What belongs to the owner, called Owners' Equity, is the difference between the total assets and the company's total liabilities.

## How to Complete the Workbook

- Fill in the amounts for every Current Asset the business currently owns. Place this value in line 6, Total Current Assets.
- Fill in the amounts for every Fixed Asset the business has at this point of time. Remember to be objective about the price, as it should reflect fair market value.
- Add up all Fixed Assets and place this amount in line 15, Total Fixed Assets.
- Fill in the amounts for every Current Liability the business owes at this point in time.
- Add up all Current Liabilities and place this amount in line 23, Total Current Liabilities.
- Fill in the amounts for every Fixed Liability the business owes at this point in time.
- Add up all Fixed Liabilities and place this amount in line 23, Total Fixed Liabilities.
- To calculate Owners Equity, take Total Assets, Line 16, and subtract Total Liabilities, Line 29.



Table 8 - Balance Sheet

Assets	Amount (\$)
<b>Variable Assets:</b>	
Cash	
Accounts Receivable	
Inventory	
Prepaid Expenses	
<b>Total Current Assets</b>	
<b>Fixed Assets:</b>	
Land	
Building	
Equipment	
<b>Total Fixed Assets</b>	
<b>Total Assets</b>	
<hr/>	
Liabilities	Amount (\$)
<b>Current Liabilities:</b>	
Accounts Payable	
Federal and Provincial Taxes Owed	
<b>Total Current Liabilities</b>	
<b>Long-term Liabilities:</b>	
Notes Payable to Bank	
Mortgages Payable	
<b>Total Long-term Liabilities</b>	
<b>Total Liabilities</b>	
<hr/>	
<b>Owners Equity (Total Assets – Total Liabilities)</b>	

*\* IMPORTANT NOTE - Total Liabilities + Owners Equity = Total Assets\**





# Projected Income Statement

## What is it?

The Income Statement forecasts the sales revenues and the expenses for a specific period of time, usually one year, with the goal of finding the projected income. This statement asks what sales are for the entire year and subtracts all the costs of doing business to provide an assessment of the company's net profit or loss before taxes.

## How to Complete the Workbook

- Take the Annual Total Revenue of all Products/Service from Sales Forecast Schedule and place it line 2.
- Take the Total Cost of Goods Sold from the Cost of Goods Sold report on line 21 & place it in line 3 of the projected Income Statement.
- Calculate the Gross Margin by subtracting Cost of Goods Sold from Sales.
- Fill out the Operating Expenses from the Cash Flow statement for the entire year end, per item.
- Total lines 8 through 29 and place it on line 30.
- Calculate the Net Profit/Loss Before taxes by subtracting Total Revenue, Line 6, by Total Operating Expenses Line 30.



Table 9 - Projected Income Statement

	Amount (\$)
Revenue	
Sales	
Cost of Good Sold	
<b>Gross Profit Margin</b>	
	Amount (\$)
Operating Expenses	
Rental - Premises	
Office Supplies	
Advertising	
Automobile	
Bank Charges (account, credit card fees, etc.)	
Insurance	
Accounting	
Licenses and Municipal Taxes	
Lawyer	
Benefits (UIC, CPP, HP, WCB, Medical/Dental)	
Rentals - Other (equipment, etc.)	
Repairs and Maintenance - Premises/Equipment	
Salaries - Management	
Salaries - Other	
Telephone	
Travel	
Utilities (heat, light, water, etc.)	
Loan Repayment	
Payments on Purchase of Fixed Assets	
Payments of Accounts Payable/Inventories	
Computer	
Inventory - Operational Supplies	
<b>Total Operating Expenses</b>	
<b>Net Profit/Loss Before Taxes</b> (Gross Profit – Operating Expenses)	



# Break-Even Analysis

## What is it?

The break-even analysis defines how much money is needed to cover all monthly operational expenses. It also shows how much product is needed to be manufactured to cover costs. This creates a baseline of revenue that needs to be made during the worst of times to cover costs.

## How to Complete the Workbook

- Subtract cost of goods sold from total sales to find total gross margin
- Divide gross margin by total sales to find gross margin %, leaving it as a decimal value
- Find the break-even point by dividing Total Operating expenses by Gross Margin %

Table 10 - Break-Even Analysis

	Amount (\$)
Cost of Goods Sold	
Total Sales	
<b>Gross Margin</b> <i>(Cost of Goods Sold – Total Sales)</i>	
<b>Gross Margin / Total Sales</b> <i>(Gross Margin / Total Sales)</i>	
Operating Costs	
<b>Break Even Point</b> <i>(Operating Costs / (Gross Margin/Total Sales))</i>	



# Step 8: Risk Identification

## Key Outcomes

Completing this section will provide the following key outcomes:

- Identify and state potential risks of the business

## What Risks could Affect my Business?

While undertaking this workplan and guide, some risks may have already been identified that could affect the business or leave it vulnerable. These risks may not be included in a business plan, but they are important to consider and plan for to minimize risk. A way to analyze risk is using the PESTLE model which assesses risks of political, social, economic, technological, legal, and environmental nature. The following are some potential risks that should be considered.

- The owner/operator getting sick or injured
- A strong competitor enters the market
- The price of raw materials skyrockets due to supply and demand fluctuations
- Unable to hire skilled or reliable staff



# Step 9: Evaluate Proposed Business

## Key Outcomes

Completing this section will provide the following key outcomes:

- Assess the viability of the proposed business

## Evaluation

It is always important throughout the business planning process to assess the viability of the business. If there are some glaring issues with the project, they need to be addressed prior to investing money and time. It is important to remember that all problems have solutions, but there cannot be a solution without the acknowledgement that an issue exists. Therefore, some aspects to consider concerning business viability are as follows.

- Potential competitors: Is there is a current competitor or an up-and-coming competitor that is poised to take a large segment of the market share? If there is, it may be a sign for further strategizing.
- Product time to market: If it will take over a year bring the product to market, the business must be prepared to go that long without revenue.
- Expenses: Will sales revenue be enough to cover expenses? If not right away, when will the business be able to cover its expenses?
- Skills: Are the necessary skills for running the business present? If not, how is that being addressed? Professional Development? Human Resources?
- Time: Is the time commitment ready to be given to the business?
- Research: Has the conducted research been objective? Ask a friend or a secondary source to assess the research honestly.
- Goals: Does the business meet the personal and financial goals of the entrepreneur?

At the end of this question period, ask if this business is viable or if it needs elements added to become viable.

- For what purpose is this plan being written? What is being asked for? Loan? Partnerships?
- Overall business efforts



# Step 10: Putting it all together

## Key Outcomes

Completing this section will provide the following key outcomes:

- Put all the information gathered into a format suitable for a business plan
- A structure for the plan and its subsections
- Tips for writing the plan and making it a readable working document

## Introduction

Now that the workbook has been completed, all information necessary for creating a business plan, should be gathered. Below are the sections that will guide one through creating a cohesive, formalized plan.

## Format

Many business plans follow the presented format below; however, no two business plans are the same. If there are sections that need to be involved in the business plan, that are not presented below, ensure that they are added in.

- Title Page
- Executive Summary
- Table of Contents
- Company Summary
- Operations
- Human Resources
- Marketing
- Financial Statements
- Appendices

These sections are described in more detail below.



## General Tips for Writing the Plan

The following are some key rules to keep in mind when writing up a plan:

- Keep formatting consistent including font, spacing, colours, numbering, and indentations
- Be concise in the language, yet fully explain all ideas. This will take extensive editing, but this document needs to convey deep understanding of the business idea.
- Use a consistent message. It may be that the business plan contains a lot of repetition but that is to be expected. The reader needs to be able to understand the plan as well as the entrepreneur does and using repeated specific messages helps in this regard.
- Use images, lists, tables, and graphics wherever possible. A business plan that is full of block text is very unappealing and may not be fully understood by the reader. 90% of individuals are visual learners, use that fact as an advantage.
- Get a friend, family member, or fellow entrepreneur to edit the document.

## Title Page

Ensure that this page is professional yet pleasing to the eye. Include the business name, logo, owner's name, the date, and the business address.

## Executive Summary

The executive summary is the one-page summary of the business plan, typically 300 to 400 words. It is located at the very beginning of the plan and is the first thing that someone will read when assessing the business plan. It must be airtight and give a brief explanation of the business while providing an overview of the market opportunity, operations, marketing, and financials. Below is a full summary of what should be included.

- Personal name and a brief personal history
- Company Name
- Location - Town, Province, Region
- Product/Service and USP (including the problem the product/service solves)
- Structure of Business
- Overview of Operations, Marketing, Target Market, Human Resources, Financials (including when the business can expect to be profitable)

## Table of Contents

Using a table of contents, assign page numbers to the business plan and then list the headings of the report along with the page number in which they appear. This seems simple but it is very important to help the reader find everything they are looking for. Keep it concise and on one page.



## Company Summary

Consider this section the introduction to the business plan. Assume the reader has no idea what the business is about. In this spirit, list the following in the section:

- The owner's name, the company name, address, and phone number
- Business Structure (Sole Proprietorship, Partnership, Incorporation)
- List of key professionals who will assist with the business venture, such as Lawyer, Accountant, and Bookkeeper
- Two or three paragraphs discussing the business venture

## Operations

Depending on the nature of the business, the operations section will vary. This section is benefitted by adding visuals, tables, lists, diagrams, and graphics. Make sure to include the following in this section:

- Product and/or services list
- Business location and the justification behind it
- Process of creating the product or offering the services
- Key suppliers
- Key operational equipment

## Marketing

In the Marketing Analysis section of the business plan, display all the research curated in testing the viability of the idea. Give a description of the following topic areas:

- Target Market Analysis
- Competitor Analysis
- Industry Analysis
- Marketing Strategies

### Target Market Analysis

List all of target markets and the justifications for them including Demographic, Geographic, Psychographic, and Behavioural Traits. List the predicted number of consumers available based on their descriptions. This number should be based on solid research.





## Competitor Analysis

- List the competitors as well as their strengths and weaknesses.
- List their marketing strategies, including price, product, place, and promotion
- List their market share

## Industry Analysis

- List the actual and potential size of the industry
- What are the latest trends affecting the industry? Is it in incline or decline?
- What are the past trends that have affected the industry?
- What are the required safety regulations?

## Marketing Strategies

The following section should present an in-depth exploration of the five P's discussed above, product, price, place, promotion, and people.

### Product

Provide a complete and precise description of the product/service including but not limited to:

- Uniqueness of the product compared to competitors
- The competitive advantage over competitors

### Price

Make an informed pricing decision about the product based on competitor pricing, cost of goods, customer expectation, overhead, and profit. Describe the decision-making process in this segment. List all products in a pricing table.

### Place

Answer the following questions in this segment:

- What channels will be used to distribute products/services? Describe the entire product delivery process.
- How long will the distribution cycle take?
- How will customer satisfaction be ensured within the distribution strategy?

### Promotion

List the promotional activities that will be used to reach the target markets. Including a budget here is key. Make sure it is effective, affordable, and realistic. A table form is most effective in this regard.



## *People*

In this section, list and describe the staff needed to operate the business and more importantly, interact with the customers. Listing preferred personality traits and job skills can be key here to ensure they are a match with the business' values. What skills need to be recruited? Accountants? Marketing Professionals?

## Human Resources

In this section, explain to the reader the staff necessary for running the business, and the additional support being offered to the ownership team. Additionally, explain the ownership team and their strengths. Within this section, list the following.

- Staff Requirements – What positions and skill sets are required? What has been secured?
- Additional Support – What mentors, or outside professionals are available to the ownership team?

## Financial Statements

A good strategy is to present this section as a separate excel workbook. Fitting financial statements into Word is unrealistic. Ensure all of the following documents are present.

- Personal Financial Statement
- Start Up Expenses
- Sales Forecasting
- Cash Flow
- Income Statement
- Break-Even
- Balance Sheet

The business planning document can be used to explain any irregularities within these financial statements. Ensure that seasonality, spikes in revenue, or other peculiarities are explained. Ensure that the financial statements are comprehensive and airtight. A lot of readers, or loan experts, may turn to this section first.

## Appendices

Appendices hold important information pertinent to the business plan that may not want to be included in the plan itself due to bulkiness or overloading the plan with information. The following is a list of things that may be included in the appendices.

- Product photographs and specifications
- Resumes of the management team
- List of prospective customers
- List of possible suppliers



- Job descriptions for the management team
- Consulting reports
- Market surveys
- Legal agreements and contracts
- Publicity articles and promotional pieces
- Other supporting material

Make sure to include all information that someone looking at the business plan will need.



# Step 11: Review – Business Planning Checklist

Congratulations! The first version of the business plan has now been completed. Remember, as stated before, business plans are a live document meaning that reviews, edits, and changes should be made consistently to adapt to the ever-shifting landscape that is running a business. The first check that can be done on the business plan is the following checklist to ensure that all items of import are included. It is recommended that the business plan is reviewed no less than once per month.

## Business Planning Checklist

Section/Objective	Present/Completed/Achieved
<b>Title Page</b>	
Professional and Attractive Aesthetic	
Company Name	
Company Logo	
Date	
Author(s) Name(s)	
<b>Executive Summary (1-2 pages)</b>	
Effective summary of all sections of the plan	
Personal name and a brief personal history	
Company name and location	
Business Structure	
Overview of Operations, Marketing, Financials	
Talk about the purpose of the plan	
<b>Table of Contents</b>	
Consistent formatting	
Include all sections of the plan	



<b>Company Summary</b>	
Effective introduction of the company (1-2 paragraphs explaining the company in depth)	
Business structure	
Key professionals associated with the business	
<b>Operations</b>	
A list of day-to-day operational activities	
The cycle of the product or service (raw material to finished product)	
Staffing requirements	
Facility size and operational blueprints if possible	
<b>Human Resources</b>	
Key Personnel: The owners and others in the venture, list the following	
Work Experience	
Job Descriptions	
Relevant Education	
Provide resumes on key staff	
<b>Marketing</b>	
Target market analysis: Demographic, Geographic, Psychographic, and Behavioral	
Competitor Analysis: List competitor strengths and weaknesses, marketing strategies, and market share	
Industry Analysis: Actual and potential size of the business, latest industry trends, past trends affecting the industry, required safety regulations	



Marketing strategies	
Product: Description of product offered; uniqueness of product compared to competitors	
Price: Provide a pricing model and describe decision making process on pricing model	
Place: Distribution channels, distribution schedule, distribution strategies	
Promotion: Promotional activities and strategies, include a budget. Is it effective, affordable, and realistic?	
People: List and describe the individuals responsible for delivering promotional strategies	
<b>Financial Statements: Ensure for all statement below there is an accurate table that has reasonable numbers. Explain all tables thoroughly within the business plan.</b>	
Start-Up Expenses	
Cash Flow	
Income Statement	
Break Even Statement	
Balance Sheet	
<b>Conclusion</b>	
Effective summary of the plan and the next steps associated	
Leave the reader with a call to action	



# Conclusion

Now that the entrepreneur has completed the Business Planning Guide, they should be that much closer to completing their goal. Remember that a completed business plan is just the start of the journey. Ensure that further supports are sought through the BRICs as they are a valuable resource for entrepreneurs and can help pave the road to their future success. Other resources that can be accessed through the centres include a two-day business planning workshop, an introductory presentation, the Business Planning Workbook, and one-on-one assistance. Contact the BRICs today to continue your journey.

