

**Your Business Plan**

A Guide to Preparing

A Business Plan and Cash Flow

Community Futures Development Corporation of the Pacific Northwest

Suite 100 – 515 Third Avenue West, Prince Rupert, B.C. V8J 1L9

Phone: (250) 622-2332 Fax: (250) 622-2334 Toll Free: 877-622-8288

E-mail: [finance@cfdc-pnw.com](mailto:finance@cfdc-pnw.com)

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**What is a Business Plan?**

A business plan convinces others and yourself of your business case. You will get answers to key questions: Is my idea possible? What are the strengths and weaknesses of my business? Who are my customers and how do I plan to get them to buy from me? Who are my competitors? What skills will I need to properly run this business? And more.

***Business plans are mostly for YOU!***Business plans are effective at making your business successful and reducing the chance of failure. This is why Community Futures requires them.

**Business Plans Work!**

**How do I use this package?**

The package leads you through the components of a business plan. Each section contains questions and a description of what they are for. Your business plan is made up of the answers to those questions.

Two ways:

* **From your computer:** just click on the green boxes with the directional text. Replace this text with your answer and information.
* **For hand-written business plans:** the questions, answers, and tables will have to be written on a separate document.

**Your Business Information**

Owner’s Name(s):

Type name here.

Business Name:

Type business name here.

Address:

Type address here.

Phone Number:

Type phone number here.

E-mail:

Type e-mail address here.

Website:

Type website here.

**Description of the Business**

**Products and Services**

A product is a good you sell and a service is the non-tangible service you provide. Your business may focus on one type of product or several. Understanding the products you offer helps you identify your customers.

Concentrate on major types of products rather than listing every single item. Example:

* A retail jewelry store might have four product lines (fine gold jewelry, fashion jewelry, giftware and china/crystal/silverware) or it may focus on one or two of these lines.

Each product or line or service will have different types of customers with different needs. Promote each area of your business in a different way from the others, since the advertising that reaches one market may not reach others.

**Your Customers**

Where do your customers live/what are your main market areas? Who are your customers? What do they want? Why do they buy your type of product – what needs does it fulfill? **Why would they buy from you?**

For each of your products & services, consider your:

**Main Customers** *–* People who will use your products most and provide the majority of your sales.

**Secondary Customers** *–* “One-off” customers who will not use your product often.

**Marketing Strategy**

How will you tell your customers about your products and convince them to buy? Your marketing strategy is where you promote your products and your firm, creating a perception of value among your customers. This could include customer service, discounts, special sales, charities/causes your business may support, and advertising.

**Pricing Strategy**

Explain how you have set your pricing. How do your prices compare with those of your competitors? Keep in mind three things:

1. If your products are ***more expensive*** than your competitors, why will your customers be willing to pay extra?
2. If your products are ***cheaper*** than your competitors, can that affect the way that customers view the value of your products?
3. If your products are ***the same price*** as your competitors, how do you set yourself apart?

**Location**

Your location is a vital part of your success depending on the business you are in, but location is not crucial for all firms – wide ranges of business are run from home or online.

**Your Competitors**

One of the main keys to your success will be in establishing a market niche for your business. To do this, you must understand who your competitors are, where their strengths are, and where they are weak. Every product and service has competition of some kind.

When looking at competition, include direct competitors and substitutes. Substitutes are products/services that are different from yours, but can compete for your market because customers can substitute that product for yours. Example: ground beef and steak. Different products, but one may decide to buy more ground beef if there is a negative change in the price of steak.

Are your competitors expanding? Are new competitors starting up or moving into your market? Is the market saturated? Are they appealing to certain types of customers? Are they focusing on certain features of their products & services? Why do people buy from them?

**Advantages & Disadvantages of Your Products**

What advantages do your products and services offer compared with the products and services of your competitors? What are the disadvantages?

**Your Company’s Strengths and Weaknesses**

What are the strengths of your company (not your products & services), compared with your competitors? What are the weaknesses?

**Your Opportunities and Threats**

What opportunities and threats exist for you externally? Your competitors are not the only external factors. Will new laws make business for you easier or harder? Are there climate change predictions? Changes in markets? Advances in technology?

**Your Plans to Overcome Disadvantages, Weaknesses and Threats**

How will you overcome your weaknesses, or the disadvantages of your products and services? What are your plans to improve your weak areas or gaps? This is a crucial area and one that should be looked at very closely.

**Market Research**

Market research plays an important part in determining whether your business idea is viable. If properly done it should help you answer very important questions such as:

* Will the customers buy your product?
* Are they interested in the benefits your products offer?
* What features are important to them? Why do they buy?
* Where do they look when deciding what to buy (newspapers, TV, online)?
* How much will they buy?
* What prices do they expect to pay?

Market research can be simple to do. You may wish to consider checking these areas:

* The customers themselves. These may be the final consumers or firms re-selling your products to those consumers.
* Firms providing similar products in similar markets. The closer the match, the more valuable the information. Try to find similar sized markets to your own.
* Statistics. Industry averages for the cost of goods, advertising, etc. can give good guidelines on how others run their businesses. Housing starts, business licenses, population age groups and various other information may be important indicators of your potential market. Statistics are available by searching the interest (Stats Canada), and through Chamber of Commerce, City of Prince Rupert, Hecate Strait Employment Society, Employment Society, and even the local library.

**Tips for Surveys**

* Market surveys should be brief.
* Avoid asking too many questions.
* Decide what information you **MUST** have and only ask questions that focus on those areas. A good market survey can ask as few as 4-6 questions and take less than ten minutes.

**Market Research Results**

What did your research tell you? If you surveyed, how receptive were customers to your products? How much do they think they will buy from you?

**Management**

Your skills will play a vital part in your success or failure. There is more to operating a company than providing the product or service. All businesses require skills in organization, sales, customer relations, crisis management, marketing, and technical areas. Successful entrepreneurs either have sufficient experience in these areas or know people with those skills who they can draw upon.

You will need to plan to overcome your weaknesses. You may need to hire staff, take training in some of your weak areas, or arrange with someone to provide those skills (e.g.: bookkeeper, account, lawyer)

Outline your skills, abilities and experience in the following areas:

**Technical**

Ability to provide the service or make the product.

**Sales**

Background in Selling

**Marketing/Promotion**

Exposure to Using Ads & Promotions

**Financial Management**

Background handling books, tracking cash, etc.

**Organization & Administrative**

Ability to organize people and suppliers.

**Company Structure**

**Company Structure**

How is the company structured?

* Proprietorship – a business owned, managed and controlled by one person.
* Partnership – a business where two or more people share ownership.
* Limited company – a company that is legally separate from its owners.

**Status**

Are you starting a new business? Taking over an existing business? Expanding your current business?

**Type of Business**

Is this a manufacturing business, a retail store, or a service?

* Manufacturing firms make goods.
* Retail firms sell goods to consumers.
* Service firms sell their skills to their clients. Their clients may be consumers or other firms. While they may sell some items, their main product is the service they provide.

A business may cover several of these areas such as a manufacturer who sells direct to consumers. If this is the case for you, check all that apply. However only check major areas, not those that make up only a small part of your overall business.

**Price of Purchase/Expansion**

If you are already in a business and plan to expand, give details on the cost of your expansion. If you are planning to purchase an existing business, how much does it cost? Includes various items such as inventory, building price, equipment, etc.

**Reason for Non-profitability/Decline**

If the business has been operating at a loss, what are the reasons?

**Your Plans for Change**

What will *you* do differently?

**Your Production Plan**

**Facility Required**

What facilities do you require to make your product or provide service?

**Delivery of Products & Services/Supplies**

Who are your suppliers? Have you made arrangements for ensuring that your supplies arrive when needed? What are your terms with suppliers?

**Staffing Requirements**

What staff and skills will you have to hire? Will you need staff for sales, management, technical or other functions?

**Technological Innovations in Your Field**

Are you in a field where technology is rapidly changing? If so, how can this affect you? If your products can become outdated quickly, you need to be aware of this and make plans accordingly.

**Banking Requirements**

Do you intend to open a business account? What will your needs be? Visa, MasterCard, Interac, etc.

**Your Equipment**

If you need equipment to make your goods or provide your service, how old is it? Could changing technology make your equipment obsolete? Does it look like new regulations might force you to change your equipment, or give advantages to competitors with different machinery? Can your equipment be adjusted to meet these changes?

**Financials**

**Use & Source of Funding**

*Attach as a separate page – templates provided by Community Futures.*

**Owner’s Drawings**

Calculate the funds you need to meet your personal living expenses. The amount is the **MINIMUM** you can take from the business. **No Business Expenses.** List other sources of income, such as spousal income. Include your monthly living expenses (rent, food, entertainment) as well as yearly expenses.

**Sales Forecasts**

State your sales expectations. If your projections are taking into consideration your many years of experience in the field, say so. The more information you can provide to show how you came up with your sales forecast, the more meaningful they will be. The assumptions should also consider any major areas that can affect your business. For example, a retail store should consider the effects of Christmas on their November and December sales. Factors could include things like:

* **Seasonal Conditions** – weather, Christmas, etc.
* **Economic Conditions** – downturns, industrial projects, tourism.
* **Customers** – the number of customers you expect to be working with daily, weekly or monthly.
* **Marketing** – the type of marketing or promotion you will be doing during this time and the number of hours you plan to devote to it.

Estimate sales for each general type of product that you plan to offer by month. Make sales forecasts for each of the general types of products, not for every single item that the store carries. Estimate:

* The average number of items that you will sell in the month or the average number of hours that you will be able to charge for in the month.
* The average price per item, or the average hourly rate you will charge.

**Cash Flow**

*Attach a Cash Flow Projection Sheet - templates provided by Community Futures.*

**The Executive Summary**

**Your Company’s Goal**

This is where you take all that you have written and summarize it into a concise goal. This is what you hope to achieve with your company – become the go-to vendor for organic soaps, have automotive repair services with shops across BC, consult other companies with human resources, become part of a franchise, etc. This is your ultimate goal as a company.

**How Much is Needed**

How much money is needed to borrow in order to start, expand or fund your business from us at Community Futures?

**Your Investment**

How much capital are you able to invest personally into the business?

**Personal or Management Experience**

What experience do you have in this type of business and/or what experience and skills do you possess that could be transferred to this type of business?