



BUSINESS PLAN OUTLINE

COVER PAGE

The purpose of a cover page is to tell the reader what he or she is about to read and how to reach the writer. Your cover page is also a way to get your business plan noticed. Something as simple as putting your cover page on quality stock paper, or using a picture or colour may set your business plan apart from that of your competitors. Provide your business name, logo, address, date, contact information along with owner name(s) and contact information for primary contact, and the words "Business Plan". You may also include a picture of the type of product(s) and or service you are offering.

TABLE OF CONTENTS

This section provides readers with a quick and easy way to find particular sections of the plan. All pages of your business plan should be numbered and the table of contents should include page numbers. After you assemble your plan and number your pages, go back to the table of contents and insert page numbers. You may also want to list headings for major sections as well as for important subsections. Do not forget to list the Appendices and list of tables where applicable.

EXECUTIVE SUMMARY

This is a one or two page highlight of key ideas/plans/concepts in the business plan. The summary should entice the reader to read the full plan. Although this appears first in the plan it should be written last. Be concise and include business goals, objectives, market feasibility, business financing, a statement on the target market, your contribution to the business, and any possible risks, and how to mitigate the risks.

1. THE BUSINESS

A. Description of the Enterprise

In this section of the business plan you will lay out the basic organization, whether it is a sole proprietorship, partnership, company cooperation or even a non profit organization. If the company is incorporated already, state that also. Indicate whether it is a new business or existing business. State who the owners of the business are. Also, give a brief description of your background, skills and experience related to the business, how you got the idea, and how the business is expected to develop. Give a brief description of the industry in general, and your expected positioning in the market. For existing businesses, include a brief history of the current business, state how long the business has been in operation and what accomplishments have been achieved to date.



B. Objectives

In this section list the activities and goals of the business you have in mind. By using the following guide, you will include the essential information an external user is looking for. Until you have completed all your financial projections, and investigated your equipment, you may not be able to provide all the information in this section. You may wait until you have finished your financial projections to complete this section. You may also include a vision/mission statement should you desire. Your statement may read something like: "The purpose of this business plan is to outline the business goal for the next three years and the actions that will be taken to achieve its goals. (Business Name)'s immediate are to:

- Seek financing of \$\$\$\$ by (Date);
- Start sales by (Date); and
- Achieve profitability by (Date).
- Any other specific objective

C. Description of Products or Services

Describe your product or service in detail. Include a listing of products or services. Describe materials used and packaging for products. Describe the services and details of how you will provide those services. Describe the use or need for the product or services and the current competition in this area.

List advantages and disadvantages of your product or service when compared to your competitors. What possible linkages can be established from your product or service.

D. Location

State the location of your business, describe the features of the location, and outline how this location is appropriate for your business.

E. SWOT Analysis

List the strengths, weaknesses, opportunities and threats involved in the business operation. Be specific about identifying the internal and external factors that are favourable and unfavourable to achieving the business objectives.

2. THE MARKET ANALYSIS

A. Targeted or Existing Customers

Describe your customers, market size and trends. If you have contracts with a few customers, give their names and addresses. If you are selling to the general public, describe the type of people you expect to buy and use your product or service and estimate a number of people you expect to be your customers. Say where your customers are currently getting the product or service from. Say why they will use your business instead of the competition. Give an estimated quantity you expect to sell to those customers. Say how often they will be buying your product or service. If you are selling many different products or service, you need to specify how much of each type of product or service they will buy and how often. In other words, you may want to include an overview of your market survey results.



B. Competitor Analysis

Name your competitors. Tell what you know of the size of their business, their estimated sales, and how profitable they are. Talk about how they are marketing their business.

C. Pricing Strategy

State how you have decided to price your products or services. If you are adding a mark-up on products, say what percentage over your cost you intend to use. If you are basing your price on something you have produced, include the cost considerations and the percent mark-up over cost. If you are pricing a service, compare your pricing with similar services, and consider labor involved in providing the service. Be sure to consider your overhead when setting your prices. Your price should include first cost, sales tax where applicable, freight and duties etc. as well as your mark-up.

3. MARKETING

A. Advertising and Promotion

How will you let your customers know about the product or service you are offering? Will you continue to use advertising or promotions to encourage sales after the initial start of the business? Include here all plans for radio or newspaper announcements, promotional campaigns including flyers and posters. Opening events or annual events to draw attention to your business, prices, special sales, etc. should also be included.

B. Sales and Credit Terms

Describe your payment terms. Say whether you expect cash payment at the time of service. If you extend credit to your customers, which customers will get credit, for how long, any late charges? Will you allow returns or exchanges, down payments on orders? What is the maximum credit you will extend to any customer and the maximum credit you can afford to extend in a month to all customers? How will you collect credit?

C. Other Marketing Elements

If you are planning to provide other services in order to make your business more attractive to your customer, describe those services here. Examples of other marketing elements would be convenient hours of service, appearance of employees, complimentary beverages, friendly staff, clean building, etc.

4. MANAGEMENT/OPERATIONAL PLAN

Key Personnel and other Staff

State the management structure for the business including your role. Name the positions that will be need for your business, in terms of the management team and employees. Include the position title, a brief description of the job and the qualifications of the person doing that job. This is particularly important for the positions that must be filled by people with special skills. If you have not chosen people to work in minor positions, just state the job title and a brief description of the job. State expected salaries or wages for each position.



5. FINANCIAL PLAN

A. Estimated Sales or Sales Forecast

You will need to estimate your sales by month for the 1st year, then by quarter for the 2nd and 3rd year. Include an explanation of your figures. Be very specific, so that the readers know exactly what assumptions you are making - # of customers, # of products or services, prices you are charging, etc.

B. Materials and Sources of Supplies

Describe the supplies and materials (operating inventory) you need to begin your business, say who the supplier is, how much you will pay for the supplies, how long the supply you order at the start of your business is expected to last.

C. Equipment and Tools

List the equipment and the tools and accessories you need to start the business. Name the supplier and the price you will pay. Include shipping costs and tax. You will also be asked to provide depreciation figures for the tools and equipment in your Profit and Loss Statement, so you should have an idea of how long the equipment will last and how much you could sell it for at the end of its life.

D. Production and Technology

Provide the information on your production process and the technology used if you are manufacturing or assembling a product. You should describe the process step by step, including information about any equipment or machinery used.

E. Sources and Uses of Funds

In addition to money you need for your equipment and opening inventory, you may also have expenses for other start-up items. These may include: Business License, Building or Improvements, Operating Cash, Advertising or Promotional Expenses, Insurance, or other items specific to your business. You should plan carefully for all the expenses you will incur in the opening of your business. All of these expenses will be listed as your Uses of Funds. You will also need to identify where you expect to get the money. This may include a financing institution, your personal savings, credit from your suppliers for the equipment or inventory, your own or your family's donated labor for building or land improvements or assistance from other sources.

F. Projected Balance Sheet

All of the items listed on your Uses and Sources of Funds will become part of your balance sheet. The working capital will be listed as cash, inventory, and prepaid license or insurance. The equipment, building or improvements, tools and accessories will be your fixed assets. The supplier's credit and the loan will be your liabilities. The personal savings and donated labor will be your owner's equity. If you are donating land, equipment you already own or an existing building to the project the value of those items will be part of your fixed assets and part of your owner's equity.



G. Projected Profit and Loss Statement (or Income Statement)

This statement should have the same Sales Income as your sales forecast. If you are earning other income not related to sales, such as dividends and interest on investments, those will be listed as Other Income. Cost of Goods Sold will show the direct expense related to your sales. Only those items included in making the sales are reflected here. Include items such as your cost for the goods or materials you are selling, or the amount you pay for direct labor to create a product or to provide a specific service for which you are charging the customer. The Expenses you record should all be overhead expenses and will reflect the actual cost of your operation for the period, whether monthly, quarterly or yearly. Be sure to include depreciation expense and the interest you pay for loans. Profit and Loss Statements are not concerned with the collection or the disbursement of cash, but with the real costs of operating your business. Explain how you arrived at your critical or unusual expense figures.

H. Projected Cash Flow Statement

The Cash Flow Statement is different than the Profit and Loss Statement because it is only concerned with the receipt and disbursement of cash. This statement is a cash planning tool to tell you when you are going to get money and when you are going to need money. You will record only the Cash sales. You will record the amount paid toward credit sales later, when the cash is collected. You should plan when you will be paying for insurance and business licenses. You should show when you will spend money for inventory purchases. Be sure to include your full loan payments on this statement.

I. Break-Even Analysis

Here you will determine how large your sales must be so that you do not lose money. The theory of a break-even analysis is that some of your expenses will be directly associated with a sale. This is obvious when you are reselling imported products such as food, merchandise, or gasoline. These are called Variable Expenses. But some of your expenses are the same every month no matter how much you sell, as is true with expense items such as rent, management staff, clerks, etc. These are called Fixed Expenses. Some expenses may change with sales volume. These are called Semi-Variable Expenses and may include items such as customer service staff or utilities. If you are selling more, the Variable Expenses will go up in direct proportion to the sales, the Semi-Variable Expenses will increase to a smaller extent and Fixed Expenses will not go up at all. There is a point at which you will just breakeven, no profit, no loss. If you are doing a mass production business, you can calculate exactly how much you must produce, all other businesses can calculate how high their sales must be in order to break-even. To calculate that exact level of sales, you must first decide which of your expenses are Fixed, Variable and Semi-Variable. When you have determined which expenses are Semi-variable, you must decide how much of each item is Fixed and how much is Variable. Add all the Fixed Expenses together with the Fixed portion of the Semi-Variable expenses. Add all the Variable Expenses together with the Variable portion of the Semi-Variable expenses. Subtract Variable Expenses from Total Sales. Divide that figure by the Total Sales. Divide the Fixed Costs by that figure and you will know your break-even point. You can calculate the break-even point for a month or for a year.



6. MAJOR RISKS AND ASSUMPTIONS

There are risks with any business and there are assumptions that everyone makes when planning a business. With each assumption there is a risk that you have made a mistake. With each risk, you risk your money, the money of a lender and the future of your business. However, you can reduce your risks through research, planning, and safeguards. Explain the risk and assumptions you have made and explain how you have minimized your risks.

7. ENVIRONMENTAL & SOCIO-ECONOMIC IMPACT

Indicate any environmental impact that would have to be considered based on the Environmental Act. Check with the Department of Environmental and Coastal Resources (DECR) and Environmental and Public Health to determine how your business should comply. Include a discussion on the social and economic impact of your business venture.

8. LIST OF TABLES

Ensure to name and number in consecutive order any tables used in your plan. Include a list of them at the back of the plan.

9. LIST OF APPENDICES

Include any supporting documents like financial statements, business license, market survey results, training certificates in the particular field, and so forth, which may support specific information in your plan. Appendices should be numbered.