



Business Plan Guide

CBDC Blue Water

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1. Executive Summary

WHAT IS THIS PART ABOUT?

This section, the first of your plan, explains briefly what your business idea is about and what you want from the reader (i.e. a loan). It should highlight all necessary information to give the reader a brief overview of your idea. That means you give a very clear statement of the most important elements of the business and explain who you are, what you do, and why you can do it better than your competitors. Explain if this is a new venture or if you are expanding on an existing business. Give some background on the founders and how the business has performed to this point. Describe significant accomplishments and highlight how they have positively affected the company.

Some of the following questions might help you:

- What is the nature of your business?
- When did the business start or when will it start?
- What is your product or service?
- Who is involved in the business?
- Where is the location of the business?
- What is the organizational structure of the business?
- What are you hoping to achieve with the business plan?
- What are other highlights of your business plan?

2. Proposed Business

WHAT IS THIS PART ABOUT?

If you own a business or you want to purchase an existing business, briefly describe when and by whom the business was started and outline any significant changes. If you start a new business, give some of your major reasons why you want to start this business.

The focus of this section should be on the description of your actual business. Describe what your business idea is and how you make money with it. Focus on your products and/or services that you plan to offer. Describe why the product or service brings a value to your customers and what makes your product/service attractive for them. It is important that you have a clear understanding of your products and services because this will help you identify who your target customers are. Include any photographs, drawings, lists, menus, or other supporting documents that display your products and services.

You should also define short-term and long-term goals of your business. Include how you plan to accomplish the goals of the company. You can set some milestones and present a short timeline of tasks you want to have accomplished by a certain date.

Some of the following questions might help you:

- Is this a new business, an existing business or are you buying a business?
- Who will manage the business?
- What is the company structure?
- What is your business idea?
- What are the products and/or services you offer?
- How will you make your money?
(Selling a product, offering a service, commissions or other forms of revenue)
- Is your business seasonal?
- What makes your idea unique and sets you apart from others like you?
- How you will stay ahead of the competition?
- What will make your customers return?
- What are your goals for the company?
- Do you have milestones or a timeline when you want to have certain things accomplished?

3. Industry

WHAT IS THIS PART ABOUT?

It's important that you understand the industry in which you plan to operate. It's equally important that you demonstrate the potential in this industry to the reader. Give an overview of the whole industry and try to find some statistics to support your statements. The reader of the business plan may not know anything about the industry and the trends within it, so in order for them to understand your business, they need to know about the industry.

Industry examples:

You want to offer boat tours in the Halifax Harbour → tourism industry

You want to sell running shoes → clothing industry (retail)

You want to open a restaurant → food service industry

Some questions to help you through will include:

- What is the size of your industry?
- How much money was spent in this industry in all of Canada? In your Province? In your city?
- Where is this industry going (trends, changes)?
- How is the industry structured? Does it consist of different market segments?
- Are you going after the entire industry or a segment?
- How much is spent in this industry by your target market?
- Where will your company fit (supplier, end user, etc.)?
- What is the structure of other companies in this industry?

4. Market Analysis

WHAT IS THIS PART ABOUT?

Your market analysis is different from your industry analysis. Now that you have helped the reader understand the big picture, you need to show what part of that picture you will be targeting. For example, you own a shoe store that specializes in running shoes. Your industry would be the clothing industry, the market would be footwear and your target market segment is running shoes. Other market segments would include basketball shoes, casual shoes, dress shoes, etc. Defining your market is similar to defining your industry but with more detailed information. Also, try to identify the main players on your market.

This section of your plan needs to include information on your **Consumers/ Clients**, your **Market Size** your **Competitors** and the **Marketing Mix**.

4.1. Customers

This section is used to describe your ideal and most-likely customer. Think of your customer base as a single person or a business and describe them. Knowing your target customer enables you to develop an effective market strategy and will help as you estimate your revenues. Describe your target customers by certain characteristics, such as age, gender, location, income, etc.

Some of the following questions might help you to define your target customer:

- Who is my potential customer (a person, a business, the government)?
- Where are they from?
- Are they male or female?
- How old are they?
- What is their income?
- What are the customers buying habits, what is their behavior and what are the trends?
- Are they trend-setters or trend-followers?
- Why do they buy these products or services?

4.2. Market Size

Your target market is a part of the industry you described before. Show how many potential customers are out there for your product or service. Depending on your business, this may need to be defined geographically. If you were a Timberlea-based landscaping company, market information from Texas would not do you any good, but market information from the Halifax Regional Municipality will help understand your market. Include information on population, age, and income. Describe trends (social, economic, or cultural) which take place in your market.

Some questions to help you through will include:

- What does your market look like?
- How many potential customers are out there for your product or service?

- Can you estimate the market share of your company?
- What trends (social, economic, or cultural) are taking place in your market?
- Can you take advantage of these trends?

4.3. Competitor Analysis

'If there is no competition, there is probably no market.'
(Brian Wood, Venture Capitalist)

The reader of your plan **never** wants to see that there is no competition for your company. If you can't find direct competition, find a suitable alternative that your customer would choose. For example, if he can't find coffee, he may choose tea as an alternative. Don't worry about *overestimating* the number of competitors, its *underestimating* that will cause you trouble. Try to describe briefly at least 3 – 5 of your strongest competitors.

Consider the following questions to help you to list your competitors:

- Who are your strongest competitors?
- Where are they located?
- How long have they been in business?
- What is their market share?
- Can you estimate their sales and growth potential?
- What are their strengths and weaknesses?
- What can you do better than they do?

4.4. Marketing Mix

In the following four sub-sections (**Product, Placement, Price and Promotion**), describe how you target your customers and how you make them aware of your product or service.

4.4.1. Product

Describe all of your products and services and why you are offering them. Explain why your product/service is more attractive than others and what your competitive advantage is.

- What customer need will your product fulfill?
- Who will be the end user of your product?
- What is unique about your product?
- Does your product need to be patented or trademarked?
- How will your products and/or services change over time?
- How does your product mix compare to your competitor?
- Do you offer any additional service with your products?
- Are there any training requirements associated with selling your product?

4.4.2. Placement

This section describes the placement or distribution of your product and it refers to how the product/ service will get to the customer. Describe the distribution channel by which you sell your product (i.e. online vs. retail).

- How do you sell your products?
- How do you offer your services?
- What kind of distribution channel will you use?

4.4.3. Price

This section is about the pricing strategies for your products and services.

- How much money will you charge for your products? (You can attach a price list in the appendix)
- What do you charge for your services (per hour, per day or per visit)?
- Do you offer rebates, quantity discounts or discounts for certain customers (seniors, students, etc.)?
- Do you offer any terms of credit?
- What is your target gross margin or mark-up percentage?
- How did you choose your mark-up percentage?
- How does your margin compare to your industry average?

4.4.4. Promotion

In an established market it can be difficult to break in and have customers consider you as an alternative to your competition. Describe how you will market and promote your business and your products/ services. There are also several strategies to penetrate an existing market. It is very important to choose the one that best suits your business model.

Key points to consider when developing your marketing strategy are:

- How will awareness reach your target customer?
- What marketing initiatives and what kind of advertising will you use?
- How much will these initiatives cost?
- Will you host promotional events such as grand openings to attract customers?
- Will you use traditional media to get the word out (TV, Radio, Print)?
- Do you have a dedicated promotional budget?
- What are your competitors' promotional activities?
- What is your company's strategic advantage?
- How will this advantage continue to help in the future?

5. Business Operations

WHAT IS THIS PART ABOUT?

This section describes how the business will operate in the marketplace. Describe all internal and external processes and people that are important for your business to operate. Everything from **Key Personnel**, the **Business Process**, the **Location/ Facilities** and the **Equipment** are discussed here.

5.1. Key Personnel

Describe the people that will be responsible for achieving the company's goals through implementation of the business plan. Talk about the roles each person will play within the company. Most funders are more concerned with the quality of management than they are with the risk associated with a new venture. With this in mind, highlight each manager's skills, experience and education. Identify what makes them ideal for the position they will be filling. Don't shy away from identifying weaknesses within each manager, however, always have plans in place to overcome these weaknesses. Include each key person's resume as an appendix and refer to it in this section.

- How and by whom will this company be managed?
- What type of business are you proposing (sole proprietorship, partnership or corporation)?
- Who are the key people in the company?
- What is their background and education?
- What skills do they have?
- What positions do they fill?
- What positions need to be created to ensure that all the company's goals are achieved?
- Do you need to acquire personnel for certain tasks from outside the company (i.e. for accounting, bookkeeping or IT)?

5.2. Operating Processes

Describe in detail the company's day-to-day operating processes. Talk about your suppliers, the inventory you will carry, how will you handle your sales and if there are any permits required, regulations or necessary insurances.

5.2.1. Suppliers

- Who are your suppliers?
- Where are they located?
- Are there any concerns with importing international products?
- Do you have any alternative suppliers if needed?

5.2.2. Inventory

- How will you store your inventory?
- Where will it be stored?
- Do you have a tracking system?

- How much will you carry?

5.2.3. Sales

- How will sales be tracked?
- What kind of payment methods do you use (cash, credit card or debit)?
- If selling on credit, what terms will be offered?
- Do you have plans for non-payers?

5.2.4. Permits, regulations and insurances

- Do you need certain permits to run your business?
- Are there certain regulations, which are important and have to be considered?
- What kind of insurances do you have (i.e. general liability insurance, workers compensation, etc.)?
- If you plan to start a home based business, is the property zoned for commercial activities?

5.3. Location/ facilities

Describe the location for the business and if the company requires a facility or storefront, discuss the physical structure that will be used. If renovations are required, give reasons and detailed plans on what will be done. Provide a layout of your space if applicable.

- Where will your business be located and why did you choose this location?
- Where are your customers and competitors located?
- How important is location for your business?
- How does the interior and exterior location look?
- How much will this location cost?
- Will you lease or purchase?
- What are the leasing costs (if leasing) ?
- What is the appraised value of structure (if buying)?

5.4. Equipment

If you have specific equipment you need to operate your business, describe it in this section.

- What equipment do you already have?
- What kind of equipment do you need?
- How much does the new equipment cost?
- Do you have quotes for the equipment?
- Is it up-to-date and practical for your uses?
- Do you lease or purchase your equipment?

6. Financial Information

WHAT IS THIS PART ABOUT?

This section shows your reader that your business is viable. Explain what you need the funding for and list all your **start-up costs**. Provide the reader also with **cash flow projections** for the first two years.

6.1. Start-up costs and Financing

List all costs associated with starting the business and how you plan to finance it: (Example below)

<i>Start-up costs</i>		<i>Financing</i>	
Land/Building	\$ 90,000	CBDC Blue Water Loan	\$ 80,000
Leasehold Improvements	\$ 13,000	Chartered Bank	\$ 20,000
Equipment/ Machinery	\$ 7,000	Line of Credit	\$ 10,000
Marketing	\$ 3,000	Owner's investment	\$ 5,000
Inventory	\$ 3,000	Personal Loan	\$ 3,000
Working Capital	\$ 2,000	Other	
	<hr/>		<hr/>
<i>Total Project Costs</i>	<i>\$118,000</i>	<i>Total Financing</i>	<i>\$118,000</i>

6.2. Collateral/Security

At this point you will know whether your business will require financing. If you need to borrow money, you should also think of what collateral you can offer to secure the loan. In order to fulfill our mandate as an economic development organization and character-based lender, we see the importance of the management team, the business plan and cash flow projections. However, our organization must lend money responsibly and therefore adequate security must be taken. We will be as creative as we can in assessing the collateral available but we are aiming for a 1:1 or greater security to loan principle ratio.

6.3. Projected Cash Flow Statement

Project all money going in and out of the company. This is an estimation using the information gathered from you competitors and industry information. Your projections should be realistic. A cash flow template can be downloaded on our website www.bluewatercbdc.ca.

6.4. Assumptions

These are supporting notes to explain the assumptions that have been made in the projections of your financial statements. It is important for the reader to know how you came to your number, especially the revenues and the expenses. Indicate in this section if you have a quote for an expense or if it is estimation.