

How to Write a Business Plan

What is a Business Plan?

A Business Plan is a written document that describes in detail how a business, usually a new one, is going to achieve its goals. A business plan lays out a written plan from a marketing, financial and operational viewpoint. It is an essential part of creating any business. It is necessary when applying for loans; it helps you to assess your progress; and it provides a road map to assist you in figuring out where you're going and how you'll get there.

Things to Consider Before Getting Started:

1. How much time do you have to develop your business idea?
2. How much money is at your disposal?
3. Do you have the knowledge and skills required to make a success of this business?
4. How much risk is involved? And how much risk can you tolerate?
5. Can you make a living from this business?
6. Will you enjoy the business?
7. Will this new business adversely affect your family?
8. Have you consulted professionals such as lawyers, accountants, financial planners, insurance brokers, and government agents?

Visit cbd.ca to find out why these questions are important



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Introduction:

- + **Date**
- + **Name of the Company**
- + **Name of Applicant(s)**
- + **Contact Information:** including phone, email and mailing address for the applicant(s) and company
- + **Legal Structure:**
 - General Partnership
 - Incorporated
 - Sole Proprietorship
 - Co-operative
- + **Proposed Business Location**



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Ownership and Management:

- + List of directors, shareholders and key staff: including name, position held, contact information for each person listed.
- + Explanation of duties and responsibilities of management and key staff.



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Business Description:

- + **Business Description:** Must specifically describe the nature of the business and why it will be successful.
- + **Key dates:** List key dates for the acquisition of equipment, inventory, staffing, financing, and other items needed before business operations will commence.

THE KEY ELEMENTS



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Market Summary:

- + **Product/Service:** Please list each product and/or service in this section, providing as much detail as possible. If a similar product and/or service exists in your trading area, describe any advantages your business may have (i.e. pricing, supply of raw materials, transportation, etc.)
- + **Whether your business is seasonal**
- + **List the hours of operation**
- + **Describe the businesses typical customer** (i.e. age range, income level, etc.). If your clients will be other businesses or the general public? If other businesses, name them. Do you have letters of intent? (Provide letters of intent where possible.)
- + **Trading Area:** Will all your business be generated within your local community or will your business draw customers from surrounding communities?
- + **Existing Business Competition:** Who are your competitors, where are they located, and how long have they been in business? Strengths and Weaknesses?
- + **Market Justification:** Why do you feel the identified trading area can support your proposed project?
- + **Advertising / Promotion:** How do you propose to advertise your product/ service? Identify the cost of doing so.
- + **Basis of Projection:** Was this market information obtained from a similar type of operation, or on the basis of industry norms, or some other method?



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Financial:

- + **Historical Financial Statements:** Enclose statements for the last three years of operation (if applicable).
- + **Pro-Forma Financial Statements:**
 - *Balance Sheet* – Yearly for three years
 - *Income Statement* – Yearly for three years
 - *Statement of Cash Flow* – Projected on a monthly basis for the first two years of operation
 - *Sales necessary to break-even*
 - If sole proprietor please include your personal income *tax notice of assessment* for the past three years.
- + **Forecast Assumptions:**
 - *Sales:* Explain how you arrived at sales figures: i.e. percentage of total market, number of units sold, selling price, sales by unit of time – week, month, year, etc.
 - *Material Costs:* Related directly to number of units sold
 - *Salaries / Wages and Benefits:* Please list owner's salary/wage separately
 - *Other Expenses:* State the basis for amounts shown in each of the expense categories and whether they are estimates or quoted costs. Ensure your interest and bank charges reflect the proposed debt included in your loan application.
 - *Other Income:* Clearly explain any items in this area and state whether they are extraordinary or ongoing.
 - *Drawings / Taxes:* If the business is not incorporated, ensure you include the total amount of cash withdrawals by the proprietor or all partners. Also allow for taxes on profits earned.

Contact us and ask how we can help you develop your plan. We have 41 offices throughout Prince Edward Island, New Brunswick, Nova Scotia and Newfoundland & Labrador.

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