

Interactive Business Planner Workbook

Retail -Type Business Plan



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The following booklet is compiled from the questions taken directly from the Interactive Business Planner developed by the Canada Business Service Center. The website is www.cbsc.org/ibp

The purpose of this booklet is to assist potential entrepreneurs with a business plan in cases where they don't have convenient access to a computer and can prepare their work before going to a library or a friend's house to access the web site. In some cases, Community Futures Heartland staff may be able to type out the answers from this booklet, to further assist some clients.

Are you ready to start your business plan?

The IBP is structured into 11 sections and each section has a number of topics, corresponding to the parts of a business plan. For each topic, we have developed a question that we want you to answer in the box or boxes provided. Remember that your words will be printed out in your business plan, so use sentences.

We have put the sections and topics in the order we feel will be easiest for you to complete. Starting with this Business Overview section, you can complete your plan by simply using the Next button to go from screen to screen. However, feel free to complete the sections and topics in any order you want. To jump around within the IBP, you can use the Map button to select any topic within any section to work on. You do not have to complete each topic; if you have not completed a topic, it will simply be left out when you print your business plan.

The purpose of this section, the Business Overview, is to introduce the reader to your business. In this section, we will ask you to provide the history of your business, develop a vision and mission statement, define your business objectives, and describe the ownership, location and facilities of your business.

Business History

Instructions:

Readers will first want to know about the history of your business. If you have an existing business, briefly describe when and by whom the business was started and any major changes that have occurred in the business. If this is a new business, highlight some of the reasons why you would like to start this specific business.

Sample Answer:

Brian's Book Barn is a new retail business venture due to begin operations on June 1, 2000. The business is a book and magazine store intended to serve the community of Ladbrokes and the surrounding area. A community of 5,000 residents in Northwestern B.C., Ladbrokes currently does not have a retail outlet dedicated to books and magazines. Brian's Book Barn aims to fill this void.

Your Plan (Maximum 350 to 400 words):

Vision and Mission Statement

Instructions:

It is important to have a long-term vision of what you want your business to become. Some businesses use their [vision and mission statement](#) to highlight their business strategies and philosophies or to show the importance that their business places on developing good relationships with customers and employees.

Sample Answer:

Brian's Book Barn will become the premier source of books and magazines for the District Municipality of Ladbrokes and communities in the surrounding area. Our goal is to provide customers with a wide variety of choices and to promote reading in the community.

Your Plan (Maximum 350 to 400 words):

Objectives

Instructions:

It is also important to have [objectives](#) so that you can measure how well your business is doing in the short- term. You can set objectives for desired market position (for example, we want to be the largest repair shop in town), sales (we want sales to increase by 25% over the next twelve months), profitability (we want to improve profitability by 5% in 1997), or any other issue which is important to your business. Your objectives should be simple factual statements that are measurable.

Sample Answer:

Our primary objectives over the next year are:

1. Complete start up activities, acquire inventory and open the business to our customers.
2. Secure agreements with major magazine and book distributors in Northwestern B.C. and Alaska.
3. Obtain a term loan of \$20,000 in order to acquire inventory for the store. An operating loan of \$1,000 will ensure a positive monthly cash balance.
4. Gain a market share of 20% of all books and magazines sold in the greater Ladbrokes area by the end of the first year of operations.
5. Attain and maintain a position as the leading retailer of books and magazines in the greater Ladbrokes area.

Your Plan (Maximum 350 to 400 words):

Ownership

Instructions:

Is your business a sole [proprietorship](#), [partnership](#), or [corporation](#)? What is the legal name of your business and who are the principal owners?

Sample Answer:

Brian's Book Barn is owned by Brian Paige and his wife, Novella Reid. Both partners are equally involved in operation and management of the company. At present the business is structured as a partnership; should bank financing be obtained, the company will register itself as a corporation under the laws of British Columbia.

Your Plan (Maximum 350 to 400 words):

Location and Facilities

Instructions:

Discuss where your business is located and what facilities you have. You may wish to include the company address and a description of your site, the size of your facility, your equipment, and your lease arrangements. In addition, explain how the location of your business adds to the success of the business.

Sample Answer:

Brian's Book Barn is located at 1234 Jernal Way in the District Municipality of Ladbrokes, B.C. The store occupies 2,500 square feet, which is leased for \$1,800 per month, triple net. The property is currently leased by a sporting goods and fishing store that is relocating. The partners will take possession of the property on May 1, 2000.

Office equipment includes a computer with the Corel WordPerfect suite and a specialized inventory tracking program developed for small scale retail operations such as Brian's Book Barn. The building also includes 200 square feet of office space and 500 square feet of storage space. Approximately 100 square feet of space will be dedicated to magazines, 50 square feet to books on CD-ROM and audiotape and the remainder to hardback and

paperback books. Shelves, magazine racks and display units for the store have been ordered and are expected to arrive in Ladbrokes by May 1, 2000.

As Ladbrokes is not a high traffic area, lease rates and overheads are generally lower than in other northern B.C. cities such as Prince George or Fort St. John.

Your Plan (Maximum 350 to 400 words):

PRODUCTS AND SERVICES

The purpose of this section is to introduce the reader to the products and services you will be selling. In this section we will ask you to:

- provide a description of your products and services and their key features;
- describe your production process and any comparative advantages you may have; and
- highlight any future plans you have to upgrade existing products or introduce new products and/or services.

Description of Products and Services

Instructions:

Briefly describe the products and/or services that your business will be selling.

Sample Answer:

Brian's Book Barn will offer a variety of books and magazines that appeal to residents of Northwestern B.C. In addition to national bestsellers in both fiction and nonfiction, the company will also offer a selection of books pertaining to sportfishing, hunting, farming, outdoor activities and winter activities. A selection of books written by nationally and internationally renowned authors will also be made available. Part of the shelf space will be allocated to children's books and related publications. Wherever possible, the company will also feature books written by Northern Canadian, British Columbian and Alaskan authors. Other types of books will be added depending on customer demand.

Your Plan (Maximum 350 to 400 words):

Comparative Advantages in Production

Instructions:

Is there anything about your production capabilities that may give you an advantage over your competition? For example, do you have specialized skills, new technology, access to cheaper materials, or low overhead costs? If nothing comes to mind, leave this question blank.

Sample Answer:

With Mr. Paige's contacts in the North American book publishing industry, Brian's Book Barn can order special or limited edition books direct from the publisher. Based on Mr. Paige's previous experience, no other book and magazine sellers in the region have the same level of contacts.

Your Plan (Maximum 350 to 400 words):

INDUSTRY OVERVIEW

In order for readers to understand your business plan, they need to understand your [industry](#). The purpose of this section is to describe the industry that your business will be operating in. In this section we will ask you to discuss:

- the overall size of your industry;
- key product and market segments;
- customer buying criteria and processes;
- the types of businesses in the industry;
- key industry trends; and
- the outlook for your industry.

Market Research

Instructions:

When writing a business plan, it is important to have a good understanding of the industry in which you will operate. Discuss what research you did to write your business plan. For example, have you surveyed current and potential customers, reviewed research reports and statistics prepared by others, read magazine and newspaper articles, or spoken to people particularly knowledgeable about the industry?

Sample Answer:

To analyze the market potential of a book and magazine store in the greater Ladbrokes area, we collected information from a number of sources. We gained information with respect to the market for books and magazines for each Regional District in northwest B.C. from the 1999 Statistics Canada Survey of Book Publishers and Exclusive Agents. We also obtained sales data for Northwestern B.C. and southern Alaska from the Publisher's Clearing House, U.S. Bureau of the Census Retail Trade Statistics, the 1998 Retail Council of Canada Operating Survey of Canadian Retailing, BC Stats and the 2000 Conference Board of Canada Handbook of Canadian Consumer Markets. We also contacted the Book Industry Study Group in Washington D.C. and the Canadian Library Council in order to obtain information on future trends in the book and magazine industry.

In addition, we conducted a survey of residents in the greater Ladbrokes area, typically by stopping passers by on the street and asking them a few questions. The survey results were used to prepare customer profiles and gauge what type of books and magazines were in demand.

Your Plan (Maximum 350 to 400 words):

Size of the Industry

Instructions:

How big is the industry your business will operate in? Size can be defined in many ways including sales, the number of units sold, number of producers, and/or total employment. Be sure to highlight any statistics you have on how fast the industry is growing and discuss the size of the industry in the particular area that will be served by your business.

Sample Answer:

According to Book Industry Trends 1998: Covering The Years 1992-2001, American consumers spent US \$16 billion on books in 1996; the corresponding figure in Canada was CAD \$3 billion. Note that these figures do not include school or college textbooks. Information obtained from B.C. Stats and Statistics Canada indicate that residents of the Grand Harrah Regional District, in which Ladbroke's is located, spent \$2 million on books in 1999. With greater Ladbroke's comprising 30% of the Regional District's population, it is estimated that the market for books in the area is \$600,000 annually.

In terms of magazines, the 1998 Operating Survey of Canadian Retailing indicates that residents of B.C., excluding Greater Vancouver, Greater Victoria and Kelowna spent \$20 per capita on retail magazines. This does not include magazine sales resulting from monthly or annual subscriptions. Extrapolating this figure to greater Ladbroke's' 10,000 residents, the annual market for magazines in the area is \$200,000.

Your Plan (Maximum 350 to 400 words):

Key Product Segments

Instructions:

Industries can be divided into a number of [product segments](#). For example, product segments within the automobile industry includes cars, trucks, vans, and recreational vehicles. Divide your industry into key product segments, highlighting the size and characteristics of the segments your business will compete in.

Sample Answer:

Book sales can be segmented into three major segments: Pleasure (mass market, mystery,

Demographic profiles conducted by the Publishers Clearing House Audits and Surveys division indicate that while men comprise almost half the market of book readers, 75% of all retail books purchases are made by women.

A 1997 study commissioned by the Magazine and Bookseller Journal indicate that over 80% of all magazine buyers are between the ages of 18 to 54 and make over \$24,000 per year. Overall, 56% of retail magazine buyers are female and 44% are male. In the greater Ladbrokes area, the largest market segment is the farming and ranching community. Another large market segment in the area are hunters, outdoorspeople and fishers.

Your Plan (Maximum 350 to 400 words):

Purchase Process and Buying Criteria

Instructions:

It is important to know how and why customers purchase products like yours. For example, how important are price, quality, warranties and/or service support important in customer buying decisions? Briefly discuss how the [purchase process](#) and [buying criteria](#) may vary by each of the market segments or product segments.

Sample Answer:

The Handbook of Canadian Consumer markets indicate that 40% of retail book purchases and 70% of retail magazine purchases are "impulse buys". This means that the purchaser did not specifically intend to buy a specific book or magazine when they entered the store. The purchase process is straightforward in that a customer buys the book or magazine off the shelves and takes it away. Customer buying criteria for books and magazines depends on a number of standard variables including price, visual appeal, relevance of subject matter and the customer's reading ability.

From the store's perspective, those books and magazines in demand by our customers will be ordered for the store. In a rural community, the distribution of books and magazines is usually handled by one or two major distributors; Ladbrokes is no exception. Ladbrokes has entered into a distribution agreement with MacMillan Booksellers, a national book and magazine distributor with regional offices in Prince George. Speciality or regional publications not handled by MacMillan will be ordered directly from the publisher. If a magazine or type of book is not selling adequately enough, we will not continue to stock it.

Key Industry Trends

Instructions:

The only thing that is constant in business is change. What are the key trends in your industry? These trends could include changes in technology, products, markets, regulations, or economic conditions. What trends will affect the supply of, or demand for, your products/services? Highlight the factors and trends that could have the largest impact on your business.

Sample Answer:

With the onset of technology and the demand for an educated workforce, more Canadians than ever before are taking up reading. Sales of books in Canada increased by 28% from 1992 to 1998, including an increase of 7% from 1997 to 1998. Mass market paperbacks are the primary driver of the increase with a 40% increase in sales from 1992 to 1998.

Retail magazine sales have not increased at the same rate as book sales. Magazine sales actually dropped by 4% between 1994 and 1997 with a 4% increase between 1998 and 1999. This increase has been attributed to an increase in speciality and regional publications available for retail sale. With an increase in the number of book and magazine stores in Canada, it is estimated that 12% of all retail magazines sold will be purchased in a bookstore. On a market segment basis, men's magazines have shown the largest increase with 1999 Canadian retail sales 12% higher than in 1997.

Your Plan (Maximum 350 to 400 words):

MARKETING STRATEGY

Now that readers understand your industry, they will want to know how your business will fit in. In this section we will ask you to describe your [marketing strategy](#). In particular, we will ask you to:

- define your target markets;
- describe your competitors and your competitive position; and
- outline your pricing, promotional and distribution strategies.

Target Markets

Instructions:

In the last section you described the key market segments within your industry. Which of these customer groups or market segments will your business specifically target? You can define your [target markets](#) both by type of customer and by geographic region. Explain how your target markets may change during the term of the business plan.

Sample Answer:

Our major target market is the greater Ladbrokes area and by extension, the Grand Harrah Regional District. Since the major industries in the area are farming, ranching, fishing and outdoor expeditions, we will also target people involved in those industries. Children and their parents are also a major target market as are retirees.

Brian's Book Barn will concentrate its efforts on the buyers of "Pleasure" category books as discussed earlier. The educational category is not a target market as area schools order their textbooks and reading material through the Ministry of Education in Victoria. Other educational books are also available through satellite campuses of Northern Lights College and the University of Northern British Columbia. In the professional category, there is simply not enough demand in the area to stock these kinds of titles.

Magazine titles will reflect the make up of the community and their interests. In addition to popular fashion, sports, news and celebrity oriented magazines, we will also stock titles focussing on outdoor activities, fishing, hunting, farming and ranching, forestry and regional activities. Although a lucrative market, Brian's Book Barn will not stock any pornographic magazines or other publications deemed as degrading toward an identifiable group.

Your Plan (Maximum 350 to 400 words):

Sample Answer:

With no other retail outlet dedicated primarily to books and magazines for 200 kilometres in any direction, Brian's Book Barn is in an excellent position to capture the majority of book and magazine sales in the greater Ladbroke area. We believe that there is a need for a bookstore in Ladbroke and Brian's Book Barn is poised to fill that need. Books and magazines are not an integral component of any local competitor's product mix; by focussing on this market, Brian's Book Barn can attain and then maintain a competitive position as the leading seller of books and magazines in the greater Ladbroke area.

Your Plan (Maximum 350 to 400 words):

Pricing Strategy

Instructions:

Briefly discuss how you will price your products and services. How will the [pricing](#) of your products and services compare to that of your competitors? For example, will you follow a penetration pricing policy (where you offer low prices in order to generate higher sales volumes)?

Sample Answer:

With the exception of sales events and clearances of stock that is not moving off the shelves, books and magazines will be sold for the amount listed on the cover. Depending on the distributor, the store will receive a 25% to 35% discount off of the cover prices. For specialty orders, a fee to cover postage and handling costs will be added to the cover price.

Your Plan (Maximum 350 to 400 words):

relationships between those positions?

Sample Answer:

All operations and management activities will be carried out by the two partners, Brian Paige and Novella Reid. A part time employee will also be hired.

Your Plan (Maximum 350 to 400 words):

Management Team

Instructions:

Who are the key people on your management team? List and give a brief description of each member of your management team including their position, key functions, and relevant experience. Attach resumes for each member of the management team to the end of the business plan. Discuss the strengths and weaknesses of the management team (including any positions which are not currently filled) and how these weaknesses will be dealt with.

Sample Answer:

Brian Paige and Novella Reid have been married for 32 years. Mr. Paige worked as a library clerk for 10 years in Peace River, B.C. before taking an assistant position with Coles Bookstores. Mr. Paige worked his way up to sales manager for the Northwestern Alberta region and was eventually transferred to Kamloops, B.C. Mr. Paige left Coles in 1990 to become the manager of Ed's Bookstore in Prince George, where he served until his retirement two years ago.

A native of Ladbrokes, Novella Reid has a Certificate in Retail Management from the Prairie Heights Vocational Institute. Ms. Reid worked as a purchasing manager for Sally's Clothing Co. in Grande Prairie, Alberta for 12 years before taking on a similar position with Canadian Hardware in Kamloops. Ms. Reid continued her retail management career as Prince George area supervisor for Mick's Quickstop stores until her retirement two years ago.

With their years of experience in the bookselling and retail trades in Northern B.C., Mr. Paige and Ms. Reid have an excellent understanding of what it will take to succeed in the Ladbrokes area.

The complete resumes of both individuals can be found in the appendices.

Your Plan (Maximum 350 to 400 words):

Staffing

Instructions:

Discuss how you will fill the key non-management jobs within your business. Highlight the qualifications and level of experience you will require, the wage rates and benefits you will pay, and what training you will provide.

Sample Answer:

On weekdays, the store will be open from 9 A.M. to 6 P.M. and be staffed by Brian Paige and/or Novella Reid. On weekends, a part-time worker will be hired to work in the store from 10 A.M. to 5 P.M. An additional part time worker will be hired during the summer months so that the two owners can reduce the amount of time they spend in the business during these months.

Your Plan (Maximum 350 to 400 words):

Labour Market Issues

Instructions:

Discuss any factors that could affect your ability to find, hire and keep employees.

Sample Answer:

With unemployment in the region at 12%, there is no shortage of qualified workers available to staff the store. Employee benefits, including medical plan, will be granted in accordance with B.C. Ministry of Labour guidelines for part time employees.

Your Plan (Maximum 350 to 400 words):

REGULATORY ISSUES

Any business is affected by regulatory issues. In this section, we will ask you to identify any:

- patents;
- copyrights;
- trademarks;
- licenses;
- permit requirements; or
- other regulatory issues affecting your business.

Intellectual Property Protection

Instructions:

Will your products, services or processes be protected by [patents](#), [copyrights](#), and [trademarks](#)? If so, please describe what is covered. If no, leave this section blank.

Sample Answer:

A trademark for the name of the store, Brian's Book Barn, has been granted in the province of B.C.

Your Plan (Maximum 350 to 400 words):

Regulatory Issues

Instructions:

What other regulatory issues could directly affect your operations? For example, are you in a regulated industry? Will your business require licenses and permits? What steps are you taking to address these issues?

Sample Answer:

GST from sales will be remitted to Revenue Canada on a quarterly basis. There is no PST on book and magazine products. The store currently complies with all local by-laws and zoning regulations. Any safety issues or building infractions discovered by Regional District inspectors will be dealt with as they arise. The store has applied for and been approved for a business license and GST registration number by the relevant authorities.

Your Plan (Maximum 350 to 400 words):

RISKS

Some people think that you should not discuss risks in your business plan. However, readers will want to know that you have thought about what could go wrong and that you have taken steps to protect your business. In this section, we will ask you to identify any risks that could affect the success of your business and discuss how you would overcome them.

Market Risks

Instructions:

Are there any events that could affect your customers' need or demand for your products and/or services during the term of the business plan? If yes, discuss how likely it is that these events will occur and what steps you will take to limit the impact should these events occur.

Sample Answer:

With MacMillan Distributors being the only major book and magazine distributor in the area, there is a risk that the store's product costs could rise should MacMillan increase their prices. Brian's Book Barn has alleviated this risk somewhat by including a two year

fixed price clause in the distribution agreement. In other words, MacMillan cannot charge more than the rates they charge to rural customers in other parts of Western Canada.

Another market risk is that people will become less interested in reading. However, by catering to local interests and stocking those titles that are in demand, we believe that this risk is minimal.

Your Plan (Maximum 350 to 400 words):

Other Risks

Instructions:

Discuss any [other risks](#) that could affect the success of your business and how you will overcome them.

Sample Answer:

Provincial government cutbacks and a general decline in the primary industries on which the area is dependent, e.g. fishing, forestry, agriculture, may pose a risk in that there may be more unemployment and less disposable income to spend on items such as books and magazines.

Your Plan (Maximum 350 to 400 words):

EXECUTIVE SUMMARY

The Executive Summary can be the most important section of your business plan because people will read it first and it may be the only section they read. Although it will be printed out first, the Executive Summary should be done last after you have completed the other sections. The keys to a good Executive Summary are that:

- it should be short (2 pages at most);
- it should highlight what is important in your plan; and
- it should get the reader excited about your business.

Business Description

Instructions:

Briefly describe your business and highlight the key features of your products and services.

Sample Answer:

Brian's Book Barn is a new retail business venture due to begin operations on June 1, 2000. The business is a book and magazine store intended to serve the community of Ladbrokes and the surrounding area. Our goal is to provide customers with a wide variety of choices and to promote reading in the community. Brian's Book Barn will offer a variety of books and magazines that appeal to residents of Northwestern B.C.; Ladbrokes currently does not have a retail outlet dedicated to books and magazines. Brian's Book Barn aims to fill this void.

Your Plan (Maximum 350 to 400 words)

Ownership and Management

Instructions:

Briefly describe the organizational structure, ownership, and key management team of your business.

Sample Answer:

Brian's Book Barn is a partnership that will soon become incorporated under the laws of British Columbia. The business is owned by Brian Paige and his wife of 32 years, Novella Reid.

Brian Paige has had extensive experience in the bookselling industry in rural B.C. and Alberta, having served in management positions with Coles Bookstores in B.C. and Alberta and with Ed's Bookstore in Prince George.

Novella Reid has worked in the retail trade in rural B.C. and Alberta for over 30 years, most recently as Price George area supervisor for the Mick's Quickstop convenience store chain. Ms. Reid has also held management positions with Sally's Clothing Company in Alberta and with Canadian Hardware in Kamloops. Ms. Reid holds a Certificate in Retail Management from Prairie Heights Vocational Institute.

Your Plan (Maximum 350 to 400 words):

Key Initiatives and Objectives

Instructions:

Highlight the key initiatives and objectives that are outlined in your business plan.

Sample Answer:

The primary objective of the company is to attain and maintain a position as the major source of books and magazines in the greater Ladbrokes area. In the first year, we hope to capture 20% of the local retail market for books and magazines, increasing to 30% by the third year of operations. The store is scheduled to be open for business on June 1, 2000. A term loan of \$20,000 is needed to ensure that the store has adequate inventory on hand

Marketing Strategy

Instructions:

Briefly describe the key components of your marketing strategy.

Sample Answer:

Our major target market is the greater Ladbrokes area and by extension, the Grand Harrah Regional District. Since the major industries in the area are farming, ranching, fishing and outdoor expeditions, we will also target people involved in those industries. Children and their parents are also a major target market as are retirees.

Book and magazine titles will reflect the make up of the community and their interests. In addition to popular fashion, sports, news and celebrity oriented magazines, we will also stock titles focussing on outdoor activities, fishing, hunting, farming and ranching, forestry and regional activities.

Your Plan (Maximum 350 to 400 words):

At this point, the financial projections haven't been made, so please omit this next question for now and return to it after completing the projections

Summary of Financial Projections

Instructions:

Summarize the highlights of your financial plan such as your projected revenues and net income.

Sample Answer:

Our revenue projections increase from \$169,300 in 2000 to \$297,000 in 2002. We project strong growth in revenues of 34% in 2001 and 31% in 2002 due to an expected increase

in the number of people buying books and magazines as well as a larger share of the greater Ladbroke's book and magazine market. Direct cost of sales average 60% of gross sales; this includes 49% for purchase of books and 11% for purchase of magazine inventory. Net income is projected to increase from \$2,700 in 2000 to \$28,900 in 2002 as both unit and dollar sales increase substantially.

Your Plan (Maximum 350 to 400 words):

CONFIDENTIALITY AND RECOGNITION OF RISKS

You may want to include a confidentiality clause asking readers not to discuss your business plan with others and a recognition of risk clause warning readers as to the uncertain nature of financial projections. These statements would be printed after the Executive Summary and before the main body of the report.

Confidentiality Clause

Instructions:

What, if any, clause do you want to include in your business plan to request that readers maintain confidentiality? If you do not wish to include such a clause, leave this question blank.

Sample Answer:

The information included in this business plan is strictly confidential and is provided on the understanding that it will not be disclosed to third parties without the expressed written consent of Brian Paige or Novella Reid.

Your Plan (Maximum 350 to 400 words):

Recognition of Risk

Instructions:

What, if any, clause do you want to include in your business plan to notify readers as to the uncertain nature of financial projections. If you do not wish to include such a clause, leave this question blank.

Sample Answer:

This business plan represents management's best estimate of the future potential of our business venture. It should be recognized that not all major risks can be accurately predicted or otherwise avoided and that few business plans are free of errors of omission or commission. Therefore investors should be aware that this business has inherent risks that should be evaluated prior to any investment.

Your Plan (Maximum 350 to 400 words):
