



The Business Plan

Disclaimer: The content of these documents and the information requested is of a generic nature and will be sufficient for most loan application procedures. Because of different lending requirements of each CF or financial institution, however, it is recommended that you contact your local Community Futures for specific business plan information requirements.

Business Plan

Manitoba Community Futures

Anyone thinking of starting a business or expanding their business should complete a business plan. The business plan states what it is you want to do, why you believe there is a demand for your idea, what resources you will require to undertake the business, and how the business will be managed. A detailed business plan is essential for your own purposes to assist in determining whether an idea is viable and profitable. It is also necessary if you are approaching a bank, credit union or any government program for financing.

The plan must demonstrate realistic market share, reasonable marketing strategy, well planned operations, capable management, identification of all costs, sufficient financing for both start-up and the continuation of operations and realistic forecasts.

Your business plan should first and foremost be written by you. You know what it is you want to do, you are the one that will be undertaking the venture and you will be the one financing or obtaining finances for the business.

DISCLAIMER

The material in this package is provided for information purposes only. It does not represent complete business planning, legal, accounting, or any other business advice. It is recommended that appropriate business planning, legal, accounting and other advice be sought out from appropriate professionals. Those directly or indirectly involved in the production of this guidebook do not assume any responsibility or liability for any damage, loss, or error resulting from following this guidebook.

In completing and submitting this document, the applicant(s) recognizes, acknowledges, and authorizes The Community Futures to use and share the information contained in this document with pertinent financial partners, investment board members, and other government agencies as required to render requested technical and financial assistance.

Full Legal Name: _____
Surname First Middle

Mailing Address: _____
Box # Town Postal Code

Street Address: _____
House # Street Town

Phone: () _____ () _____ () _____
Day Evening/Weekends Fax

Date: _____

BUSINESS PROFILE

Business Name: _____ **Proposed? Yes** ___ **No** ___

Already Registered? Yes ___ **No** ___ **Business Number:** _____

Business Location: _____

Business Phone: () _____ **Business Fax:** () _____

Date Business Registered: _____ **Expected Start-Up Date:** _____
mm/dd/yr mm/dd/yr

Home Based Business? Yes ___ **No** ___

HOW WILL YOU SET UP YOUR BUSINESS?

Before you actually begin your business, you need to decide how you will set it up. You have three choices: sole proprietorship, partnership or incorporation. Each has its benefits and drawbacks.

	PROS	CONS
SOLE PROPRIETOR <ul style="list-style-type: none"> You are the only person involved Usually a very small business with few or no employees 	<ul style="list-style-type: none"> Any profits are yours It is very easy to set up It is not expensive There may be tax benefits 	<ul style="list-style-type: none"> You call all risks You and your business are one and the same. You are responsible for all the debts. This means the bank can seize your personal assets such as your house and your car if you default.
PARTNERSHIP <ul style="list-style-type: none"> You and one or more people are all involved in operating the business 	<ul style="list-style-type: none"> Easy to set up All the partners contribute the skills, time, knowledge and assets 	<ul style="list-style-type: none"> Disagreements between partners can cause problems. Because all the partners are equally responsible for debts, a bad decision made by one partner means all the partners pay for it.
INCORPORATION <ul style="list-style-type: none"> You and your business are two separate entities This set up is often used by business owners with a lot of assets or debt (such as restaurants) 	<ul style="list-style-type: none"> May be tax benefits Because you are separate from your business, you are only responsible for your personal assets you use as security for the business. The business is responsible for everything else. 	<ul style="list-style-type: none"> More expensive and complicated to set up. There is more paperwork to complete and more regulations to be met.

Some things to think about when it comes to setting up your business:

- You can incorporate at any time, so you may start off as a sole proprietor and decide to incorporate in the future.
- You can incorporate provincially or federally. If you plan on doing business only in Manitoba, then provincial incorporation will be the best way to go. If you plan on doing business in other provinces, then you may want to look into incorporating federally.
- In order to get a business telephone, business bank account or other service for your business, you must have the paperwork that shows you have either registered a business name, registered a partnership or incorporated.

WHAT WILL BE YOUR FORM OF OWNERSHIP:

Sole Proprietorship _____ Partnership _____ Corporation _____

Form of Acquisition: New Business _____ New Franchise _____ Existing Business _____
Existing Franchise _____

CLASSIFICATION OF BUSINESS

Retail: _____ Service: _____ Manufacturing: _____ Wholesale/Distribution: _____

Food: _____ Construction: _____ Tourism: _____ Other: _____ (specify) _____

OWNER PROFILE

_____	_____	(____)	_____
Name(s) of Owner(s)	% Ownership		Phone #
_____	_____	(____)	_____
Name(s) of Owner(s)	% Ownership		Phone #
_____	_____	(____)	_____
Name(s) of Owner(s)	% Ownership		Phone #

OBJECTIVES

What is your business idea? Explain what your business will do. Where will your business be located?

Why did you choose this type of business to start?

Will this be a seasonal business or a year-round business?

What products or services will be available?

RESOURCES REQUIRED

Do you require a loan? Yes _____ No _____ For how much? _____

What do you require the loan funds for?

Will you need to purchase equipment/vehicles for your business? If so, list the items you need and their cost.

EQUIPMENT	ESTIMATED COST
	\$
	\$
	\$
	\$
	\$
VEHICLES	ESTIMATED COST
	\$
	\$
	\$
	\$

Where do you propose to get your financing from?

**Are you aware of other possible sources of financing? (List all) and
Are you seeking other sources of financing? (Please identify)**

Other fees associated with the property:

Are there any other monthly fees associated with the space? (ie. Parking, maintenance, etc.)

\$ _____

What are the yearly taxes on the property: \$ _____

Insurance

Do you need insurance coverage for?

Building(s) Contents Vehicle(s) Liability

Life and Disability insurance for the owner(s) of the company

Other: _____

Other: _____

Annual cost of Insurance: \$ _____

SKILLS

By completing the following table you will enable the Manitoba Community Futures to understand what training their region requires. Please place a check mark in the column that best describes your, partners/staff/skills in each skill set.

	Adequate Knowledge	Assistance Needed	Training Needed	We will hire someone to do it
Accounting & Taxation				
Planning & Organizing				
Customer Service				
Financial Management				
People Management				
Personal Selling				
Advertising & Promotion				
Decision-Making				
Cost Control				
Management Skills				
Legal Aspects				
Pricing				
Other: _____				

What relevant skills and experience do you and your business partners have to operate this business?

OPERATIONS

What will be your business hours of operation? Will you be open in the evening or on weekends?

Who will be your suppliers? What are their credit terms? What are their locations?

Suppliers Name	Credit Terms n/30, n/60, n/90	Location

How will you keep track of your sales? How will you track your customers to see who is a new customer or a repeat customer? How will you monitor monthly sales?

Who will do your accounting? How often will you produce financial statements? How often will you count inventory?

STAFF SUMMARY

Estimate how many employees you will need, their duties and how much you will pay them. Do not include the owner(s).

POSITION/TITLE	DUTIES/SKILLS	PAY (per month)

Total Number of Employees: _____

Total Estimated Salaries: _____

JOBS CREATED

Do not include the owner(s)

	Seasonal/Casuals	Part-Time	Full-Time
Start-Up			
Year 1			
Year 2			

Employee Benefits

Employee benefits are costs in addition to the wages you pay to your staff.

- Employment Insurance Canada Pension Plan Vacation Pay
 Worker's Compensation Dental/Health Benefits
 Other: _____

Depending on what kind of business you operate, for example, if you have a construction company, you must have Worker's Compensation.

REGULATORY ENVIRONMENT

What insurance, government regulations, licenses, permits and other approvals pertain to your business and have they been obtained? (Check with your local municipal office to ensure compliance to zoning, building and other by-laws which may be in effect in your area. You may also have to check with your closest regional Department of Environment office to ensure compliance and health standards) or visit the BizPal website at www.bizpal.ca).

TYPE OF LICENSE OR PERMIT	COST
	\$
	\$
	\$
	\$
	\$

MARKET & CUSTOMERS**WHO ARE YOUR CUSTOMERS**

Describe your typical customer. (Eg. Single females between the ages of 30 and 40, making over \$30,000/year, living within 50 kilometres, etc.)

Where will your customers come from and what is the total population of this trading area? List all towns and/or major centres within your trade area.

What research have you done that shows you have a product or service that people will pay for? For example, have you looked at surveys or statistics? Or, have you just heard people talk about how they wish a certain product or service was available in the area?

Is your product or service something people need or something that they may want?

MARKETING

SELLING TECHNIQUES

How do you intend to sell your product/service to the consumer?

What type of pricing policy will be implemented? And how was this determined?

Will you offer credit to your customers? If so, under what terms?

ADVERTISING & PROMOTION:

What is the most effective way to advertise your product/service?

PROMOTIONAL IDEAS

Balloons	Flyers	Sales calls
Billboards	Folders and binders	Samples
Brochures	Free trails or information sessions	Sidewalk signs
Business cards	Home parties	Signs at sporting events
Business lunches	Internet	Signs on buildings/windows
Calendars	Letterhead and envelopes	Special events
Charitable/community events	News releases	Sponsorships
Classified ads	Newsletters	Talks and presentations
Contests	Newspaper ads or inserts	T-shirts
Coupons	Personal letters	Two-for-one offers
Direct Mail	Postcards	Vehicle signs
E-mail	Referral incentives	Videos/DVDs

Briefly describe your advertising/marketing strategy for the first year of operation.

Will you be offering any promotional gimmicks, i.e. two for one deals? Briefly describe.

How much do you plan to spend on advertising per month? (Your 1st few months may be higher)

COMPETITION

In most businesses, there will be competition. There are two types of competitor for your business – direct and indirect.

A direct competitor sells the exact same product or service that you do.

An indirect competitor is one that may offer different products or services but compete for your customers. For example, if you operate a store selling natural health care products, your indirect competitors could be a spa, a drugstore that sells vitamins, a gym, a supermarket that sells organic foods, etc.

Who are your competitors (list all)? Are they direct or indirect? What are their locations? How long have they been in business? Is the product or service they offer similar or identical? Do they offer a broader or narrower variety?

Why will your customers prefer your product or service to that of your competition? Is your product or service less expensive? Do you provide better quality? Is your product or service so unique that no one else offers it? Do you guarantee your work and no one else does?

**Is the market large enough to support you and your competition? Yes _____ No _____
Explain why or why not.**

Describe what risks are involved in this business. What is the worst thing that could happen to impact your business (i.e. new competitors, change of government regulations, nobody buys your product or service, fire damage, etc.) and how would you react or recover if it did happen (contingency plan)?

FINANCIAL

This portion of the business plan is often known as the “reality check”. This is where you will see if your idea will work, how much it will cost and how much money you will need to make from the business. It is one place where you must be completely honest about your expenses and predicted sales.

Here are some things to keep in mind:

- When calculating your costs, include everything you may need to purchase. (Cost of Goods Sold - price of buying or making an item that is sold. The difference between sales and cost of sales is gross profit. For a retail business, the cost of sale is the purchase price of the item. For a manufactured good, the cost of sale includes direct material, direct labor, and factory overhead associated with producing it).
- Decide where you will get financing and including how you are expected to repay the loan.
- Find the statistics you need to properly estimate you income and expenses. Web sites you can visit include:
 - Performance Plus – <http://sme.ic.gc.ca/epic/site/pp-pp.nsf/en/Home>
Provides detailed financial and employment information on more than 600 types of businesses in Canada. It also includes “performance benchmarks” to help small businesses see how to measure up against their competition.
 - Statistics Canada – <http://www.statcan.gc.ca> - Provides statistics on population, gender, income and more.
 - World Trade Centre Winnipeg Business InfoCentre at www.wtcwinnipeg.com.
Offers information on every aspect of starting your business.

THE CASH FLOW

What will be your fixed monthly costs? (i.e. rent, phone, hydro, wages, etc.) Fixed costs are there even if you have no sales.

Fixed Costs	
Rent or Taxes	\$
Phone	\$
Hydro	\$
Payroll Taxes	\$
Wages	\$
Vehicles or other insurance	\$
Property Insurance	\$
Accounting/legal	\$
Bank charges	\$
Loan interest	\$
Principal loan payment	\$

What minimum amount of sales (gross profit) do you need to cover your monthly expenses to break even? (Basic formula: $\text{Sales} - \text{Cost of goods sold} = \text{gross profit}$)

LOAN REQUIREMENT CALCULATIONS

Most new businesses require financing to cover start-up costs and the first three months of operation. The chart below will help to determine your capital and operating loan requirements. These numbers will be used in the Cash Flow.

Start-Up Costs For First Three Months			
CAPITAL COSTS		OPERATING COSTS	
Land	\$	Wages/Salaries	\$
Building	\$	Rent	\$
Equipment/Machinery	\$	Advertising/Promotion	\$
Fixtures	\$	Delivery	\$
Installation of fixtures/equipment	\$	Materials/Supplies	\$
Renovating/Decorating	\$	Utilities	\$
Opening Inventory	\$	Insurance	\$
Deposits for Utilities	\$	Taxes	\$
Accountants/Lawyers Fees	\$	Interest on Debt	\$
Advertising/Promotion (Grand Opening)	\$	Repairs/Maintenance	\$
Unexpected Needs	\$	Accountants/Lawyers Fees	\$
Other	\$	Employee Training	\$
Other	\$	Unexpected Needs	\$
Other	\$	Other	\$
TOTAL	\$	TOTAL	\$
TOTAL START-UP COSTS (capital costs plus operating costs)			\$

Source of Funding			
Self-Cash	\$	Community Futures loan	\$
Self-Equity	\$	Other _____	\$
Bank or Credit Union Loans	\$	Other _____	\$
Friends/Relatives	\$	Other _____	\$
TOTAL FUNDING AVAILABLE			\$

Assumptions Used In The Cash Flow

An important aspect of the financial plan is the ability to estimate the money you plan to make through sales of your product or service. By filling out the table below, these numbers will help you determine what your revenue and expenses will be for your cash flow.

Item	Describe Item	Revenues
Revenue 1		
Revenue 2		
Revenue 3		
Cost of Goods Sold		
		Expenses
Advertising		
Bank Charges		
Professional Fees		
Automobile		
Utilities		
Rent		
Insurance		
Maintenance		
Loan Repayments		
Wages and Benefits		
Owner Drawings		
Other		
Other		
Other		

CASH FLOW

Please complete the following cash flow. Contact your local CF as they may require a more in depth cash flow to be prepared.

REVENUES – Cash In	Month 1	Month 2	Month 3	Month 4
Sales				
Sales				
Total Sales				
Cost of Goods Sold				
GROSS PROFIT - (A) Total Sales – Total Cost of Goods Sold				
EXPENSES – Cash Out				
Sales and Marketing				
Advertising				
Operations				
Freight				
Licenses and Permits				
Rent & Property				
Repairs and Maintenance				
Office Supplies				
Telephone				
Tools and Job Supplies				
Utilities				
Vehicle and Travel				
Banking and Other				
Accounting and Legal				
Bank Charges				
Insurance				
Wages and Benefits				
Management Withdrawals				
Wages				
Loan Repayments				
Loan Interest payment				
Loan Principle payment				
Total Expenses (B)				
BALANCE/PROFIT (Gross Profit – Expenses (A-B))				

REVENUES – Cash In	Month 5	Month 6	Month 7	Month 8
Sales				
Sales				
Total Sales				
Cost of Goods Sold				
GROSS PROFIT - (A) Total Sales – Total Cost of Goods Sold				
EXPENSES – Cash Out				
Sales and Marketing				
Advertising				
Operations				
Freight				
Licenses and Permits				
Rent & Property				
Repairs and Maintenance				
Office Supplies				
Telephone				
Tools and Job Supplies				
Utilities				
Vehicle and Travel				
Banking and Other				
Accounting and Legal				
Bank Charges				
Insurance				
Wages and Benefits				
Management Withdrawals				
Wages				
Loan Repayments				
Loan Interest payment				
Loan Principle payment				
Total Expenses (B)				
BALANCE/PROFIT (Gross Profit – Expenses (A-B))				

REVENUES – Cash In	Month 9	Month 10	Month 11	Month 12	Total Year 1
Sales					
Sales					
Total Sales					
Cost of Goods Sold					
GROSS PROFIT - (A) Total Sales – Total Cost of Goods Sold					
EXPENSES – Cash Out					
Sales and Marketing					
Advertising					
Operations					
Freight					
Licenses and Permits					
Rent & Property					
Repairs and Maintenance					
Office Supplies					
Telephone					
Tools and Job Supplies					
Utilities					
Vehicle and Travel					
Banking and Other					
Accounting and Legal					
Bank Charges					
Insurance					
Wages and Benefits					
Management Withdrawals					
Wages					
Loan Repayments					
Loan Interest payment					
Loan Principle payment					
Total Expenses (B)					
BALANCE/PROFIT (Gross Profit – Expenses (A-B))					