



# Centre For Business and Economic Development\*

A Community Futures Development Corporation

## BUSINESS PLAN GUIDELINES

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CENTRE FOR BUSINESS AND ECONOMIC DEVELOPMENT  
**BUSINESS PLAN GUIDELINES – FLOW CHART**

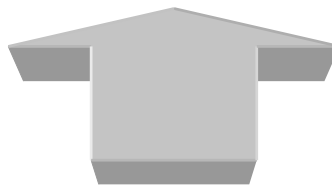
**REFERENCES AND SUPPORT DATA**



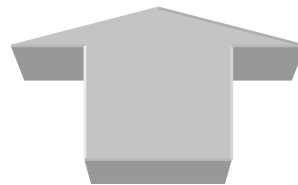
**FINANCIAL PLAN**



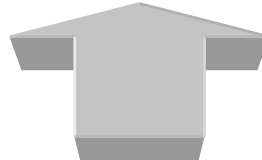
**OPERATION PLAN**



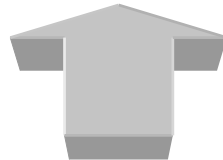
**SALES AND MARKETING PROGRAM**



**DESCRIPTION OF PRODUCT OR SERVICE AND THE INDUSTRY**



**COMPANY PROFILE**



**TABLE OF CONTENTS**



**EXECUTIVE SUMMARY**



**COVER PAGE**

## **BUSINESS PLAN GUIDELINES**

### **PURPOSE OF THE BUSINESS PLAN:**

A business plan helps you draw a clear picture of your own business objectives, and it gives you goals to shoot for. It shows the potential strengths and weaknesses of the business you propose. It is a blue print to give you direction. It gives you a chronology of events and financial data to which you can compare your actual results. It gives prospective lenders or investors the means to determine whether your company is a good risk or a suitable investment. It is a measuring stick by which you can measure your actual success with your projected success:

A typical business plan includes:

- Cover Page
- Executive Summary
- Table of Contents
- Company Profile
- Description of Product or Service and the Industry
- Sales and Marketing Plan
- Operation Plan
- Financial Plan
- References and Support Data

### **COVER PAGE**

This page makes your business plan look professional. Include your Company name, date prepared, address, telephone etc.

### **EXECUTIVE SUMMARY**

This Summary should be a brief outline of your proposed venture. It should grab the attention of the reader. It should be informative, but short. You will probably find it easier to do the Executive Summary after you have completed the rest of the Plan.

### **TABLE OF CONTENTS**

This page outlines the topics covered by the plan with page references.

### **COMPANY PROFILE**

This document gives detailed information about your business. If it is a start-up business, it should outline your start up plans and what type of organization your business will be (i.e. sole proprietorship, partnership or corporation, names and address of all owners and shareholders). The type of business you wish to open, as well as business registration, licencing and permits, are extremely important to arrange before starting out. If it is an existing business, give a short report on when it was started, concerns you had at start up and concerns today, and the stages of growth.

This document should also describe your qualifications in running a business. Describe your experiences in related and unrelated fields and stress how these experiences will be an asset to your new venture. Describe your partners or key people included in your business and include a review of their skills. Enclose resumes of key principals.

**DESCRIPTION OF PRODUCT OR SERVICE AND THE INDUSTRY**

This is a crucial part of your business plan. By giving a clear picture of your business venture's perceived place in the market, you will allow a lender/investor to begin evaluating the risks. It should include the S.W.O.T. Analysis (Strengths, Weaknesses, Opportunities and Threats) of the product or industry. It should discuss the size of the market and what share you expect to capture. Identify any major trends (styles, technology changes etc.) affecting the industry and/or business you are starting. Explain any political, environmental and legal ramifications that may impose additional risks or advantages to your business. Identify the competition, showing their size and your potential market position compared to theirs. Based on the competitive information you have gathered, identify any major barriers for your business and state how you intend to overcome them.

**SALES AND MARKETING PROGRAM**

This section covers sales projections and how these will be reached. It describes how you will tell potential customers about your service and/or products, who is your market, how you will deliver what you are selling, and how you will successfully compete. Describe the advantages that give you an edge over your competitors and provide data on your fixed and variable costs and other means used to arrive at your pricing.

**OPERATION PLAN**

This section will demonstrate your control over the business operation. It will explain how you will keep track of your product, inventory control, supplies and materials and include an operation schedule. Provide a general description of your day to day operation of the business (size, location, and type of premises; hours of business; days open; seasonality of business, suppliers and their credit terms). This section should also include your personnel plan (i.e. staffing requirements, qualifications and responsibilities of employees).

**FINANCIAL PLAN**

All of the above information will be used to determine your financial plan. The information you will need to pull the financial projections together will, for the most part, already have been created when you did your sales, marketing and operation plans. Financial forecasting is subject to uncertainty, so when preparing your forecasts, you should create the most likely set of projections for your business. The financial plan will help you and potential lenders/investors estimate how much, and when cash will be needed to start and run a profitable business. You will also be able to estimate how much profit you can make, given the amount of money you are able or willing to invest in your business. Often people do an optimistic and a pessimistic set of projections, so the change in profits and cash requirements from one forecast to another will indicate the degree of risk you are likely to face. Your financial plan should include:

- List of all your capital requirements (sample attached)
- List of all your sources of financing to date
- include past 3 years financial statements, if applicable
- include projected Income Statement for a two year period (sample attached)
- include projected Cash Flow Forecast for a two year period (sample attached)
- include assumptions on which your forecasts are based

**REFERENCES AND SUPPORT DATA**

Your good reputation will serve you well with lenders and investors. The support data is the proof of all the statements that you have made in this document.

Elements of References:

-existing investors and/or partners, financial institutions, suppliers, former employers

Elements of Support Data:

- copies of all documents stated throughout this plan
- financial statements-income and cash flow projections
- proof of statements
- accounting records
- diplomas and certificates
- resumes
- drawings or photographs of products and/or site.

CENTRE FOR BUSINESS AND ECONOMIC DEVELOPMENT

**Column A**

**ESTIMATED PROJECTED COSTS**

List the estimated projected costs including all costs incurred to date (please provide details)

**Column B**

**EXPECTED FINANCING**

List sources of the funds required to cover the project costs listed in Column A

REAL ESTATE

\$

LEASEHOLD IMPROVEMENTS

\$

EQUIPMENT

\$

VEHICLES

\$

INVENTORY

\$

OPERATING (WORKING CAPITAL)

\$

OTHER

\$

**TOTAL**

\$

APPLICANT'S CONTRIBUTION (OWNER'S EQUITY)

\$

OTHER SOURCES

\$

OTHER LENDERS

\$

LOAN REQUEST FROM Centre For Business and Economic Development up to a maximum of \$150,000

\$

**TOTAL**

\$

TOTAL IN COLUMN A SHOULD EQUAL TOTAL IN COLUMN B









## **GLOSSARY OF ACCOUNTING TERMINOLOGY FOR STATEMENT OF OPERATIONS**

### **STATEMENT OF OPERATIONS**

- **OTHER NAMES FOR THE STATEMENT OF OPERATIONS ARE:**
- **INCOME STATEMENT, PROFIT AND LOSS STATEMENT AND EARNINGS STATEMENT**

**The Purpose of the Statement of Operations (Income Statement) is to show:**

- a) **your predicted sales volume for the period (SALES OR REVENUE)**
- b) **all expenses you expect to incur to produce that sales volume (EXPENSES)**
- c) **your expected net operating profit or loss (PROFIT OR LOSS)**

### **SALES, INCOME, OR REVENUE:**

This shows the total of merchandise sold or the revenues from services rendered.

### **COST OF GOODS SOLD (COST OF SALES):**

The cost of goods sold comprises the direct costs of acquiring and/or producing an item for sale (purchases made and wages to produce the sale)

### **GROSS MARGIN:**

The gross margin (or gross profit) is the difference between the total sales (revenue) and the cost of goods sold. It is important in financial analysis, since it helps in evaluating sales performance, buying policies and inventory controls.

### **EXPENSES:**

Includes all those expenses incurred in the normal course of doing business.

### **NET PROFIT (LOSS):**

The net profit (loss) is what remains after all expenses have been deducted from all the revenues.

## **GLOSSARY OF ACCOUNTING TERMINOLOGY CASH FLOW STATEMENT**

### **CASH FLOW STATEMENT(PROJECTIONS)**

A Cash Flow Projection is an analysis (usually monthly) of when you expect the money to flow in and out of the business during any given month. It places revenue and expense items in the months that they are to be received and paid respectively so that you will be able to identify when you will need to use an overdraft bulge, or conversely, when you will be able to pay your debts. Although it is based on the operating forecast, it is not concerned with profitability but rather with the flow of cash through the business.

### **CASH IN (RECEIPTS):**

#### **CASH SALES/RECEIVABLES COLLECTED:**

This represents the cash received from sales and any accounts receivable collected during the month.

#### **LOAN FUNDS:**

This represents any loans provided (include present loan request, if applicable)

#### **OTHER:**

This represents any personal funds invested in the business.

### **CASH OUT (DISBURSEMENTS):**

#### **EXPENSES FROM STATEMENT OF OPERATIONS:**

Include Cost of Sales Expenses from Statement of Operations (purchases paid/wages paid) as well as Operating Expenses.

#### **CAPITAL EXPENDITURES:**

Include any Capital Expenditures made (Land/Equipment/Leaseholds/Tools)

#### **PRINCIPAL PORTION OF LOANS/MORTGAGES**

Include the principal payments for any loans or mortgage

#### **PERSONAL DRAWS:**

Include any owner's draws.

### **NET CASH BALANCE (+ OR-)**

Represents difference between Cash In and Cash Out.

### **CASH BEGINNING OF THE MONTH (+ OR-)**

Represents Net Cash (+or-) from end of previous month.

### **CASH END OF MONTH (+ OR-)**

Represents total of Net Cash Balance + Cash Beginning of Month