



## Small Business BC Business Plan Resources and Review Service

So you have a good business idea and now you want to turn it into reality. What must you do? First of all, one of the keys is proper business planning. Your business plan will act as your critical "road map" to business success. Also, without a business plan, your chances of obtaining financing through banks or investors are limited.

In researching and putting together your business plan, you'll discover key information about the market potential of your product / service. At Small Business BC, we can help you on this "road to business success." **Get started on your business plan now, send it to us, and make an appointment** with one of our Business Officers, who will help you by objectively assessing your plan and by providing feedback and resources in preparing your plan for presentation and / or implementation. **(Please see page 10 for more details on submitting your plan for review)**

**Submissions of business plans for review and / or questions about our services can be forwarded to:**

Small Business BC  
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**Attention :**

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**Notice of Confidentiality**

Small Business BC agrees to maintain the information submitted in confidence and to not distribute / communicate the information within, without express written consent of the submitting client.

**Resources for Developing Your Business Plan**

**Sample Business Plans**

<http://www.bplans.com>

**The Interactive Business Planner**

<http://www.cbcs.org/ibp/>

**Small Business BC - Business Planning**

<http://www.smallbusinessbc.ca/bizstart-bPlanning.php>

## What to Include in your Business Plan

Business plans come vary according to nature of business and marketplace.  
The recommended length is between 25 to 30 pages in length.

The sections which we are looking for in your business plan include:

- an **Executive Summary** summarizing the key points of your business plan in one or two pages;
- a **Business Overview** which introduces the reader to your business;
- a description of **Products and / or Services**;
- a description of **Key Management, Staff and / or Supporting Services**;
- a comprehensive **Market Analysis** section which will include the following sub-categories:

- an **Industry Overview** analyzing the industry in which your business will compete;  
This should also include a detailed analysis of **Key Competitors** as well.
- a **Marketing Strategy** which summarizes the:

**Target Market** for your product or service – Who is the audience? Where are they? How many are there? Are there enough to support the business?

**Product / Service** – What is the “Unique Selling Feature” of your product / service? Why would they come to you instead of your competitors?

**Promotion and Marketing** – How will you get the message out about your product / service? Through ads? Press releases? How much will this cost?

**Pricing and Positioning** – How much will your product / service cost? What is the “position” of your product / service compared to competitors?  
Is it a “high-end” service or an affordable everyday product?

**Distribution Strategies** – How will your product / service reach the end-user?  
How much will it cost?

- an **Implementation Plan** – How will the business grow and develop? What are the key milestones to be achieved?
- a **Risk / Contingency Plan** – Discussing possible challenges / issues / barriers that the business may face. These can be external (e.g. economic downturn) or internal (e.g. less than projected sales)
- a **Financial Plan** which includes;  
pro-forma balance sheets, income statements and cash flow statements.  
A balance sheet compares what your business owns to what it owes.  
A cash flow statement compares how much money will be coming in to how much you will be spending.  
An income statement compares your revenues to your expenses to see if you are going to make money.

## **Business Planning Section-by-Section Overview**

Excerpted from the Interactive Business Planner (IBP) [www.cbasc.org/ibp/index.cfm](http://www.cbasc.org/ibp/index.cfm)

### **IMPORTANT NOTE:**

There is great variation as to which sections apply to each individual business plan. Keep in mind that not all issues / sections discussed in the following may be relevant to your particular business plan.

### **Business Overview**

The purpose of this section, the Business Overview, is to introduce the reader to your business. In this section, provide the history of your business, provide a Statement of Objectives. Is your business plan written for the purpose of obtaining financing? If so, provide a detailed list outlining Uses of Capital. Is it being written for operational purposes, as a guide to managing and developing your business? Develop a vision and mission statement, define your business objectives, and describe the ownership, location and facilities of your business.

### **Business History**

Readers will 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.

### **Vision and Mission Statement**

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.

### **Objectives**

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.

### **Ownership**

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

### **Location and Facilities**

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.

## **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 you should:

- 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**

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

### **Key Features of the Products and Services (i.e. Unique Selling Feature(s) / Proposition)**

Why will customers buy your products and/or services instead of another company's? Explain what makes your products and/or services unique in the marketplace and how they will differ from those of your competitors.

### **Production of Products and Services**

Describe how your products and/or services will be produced. You may wish to highlight the resources used (both human resources and materials) and the process involved in the production of your products and services.

### **Future Products and Services**

Do you have any plans to update existing products or to offer new products and/or services in the next three to five years? If yes, provide a brief description of what you plan to do.

### **Comparative Advantages in Production**

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?

### **Industry Overview**

To understand your business plan, readers need to understand your industry. In this section, describe the industry that your business will be operating in. You should 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**

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?

## **Size of the Industry**

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.

## **Key Product Segments**

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.

## **Key Market Segments**

Industries can also be divided by market segments. Who do the businesses within your industry sell products and/or services to? Divide the market into customer groups, highlighting the size and characteristics of those groups. For example, markets can be grouped by type of customer, geography, or other characteristics. Segment the markets on the basis that makes the most sense for your business.

## **Purchase Process and Buying Criteria**

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.

## **Description of Industry Participants**

Describe, in general terms, the types of businesses that compete in your industry. For example, where are they located, how broad are their product and service lines, how large are they, and how do they distribute their products?

## **Key Industry Trends**

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.

## **Industry Outlook**

For your industry, discuss what types of products have the greatest opportunities for growth over the next three to five years and why? What products or product groups are expected to see a decline in sales?

## **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, you should:

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

## **Target Markets**

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.

## **Description of Key Competitors**

There will be other businesses or competitors who are also competing for these target markets. List your key competitors and provide a brief description of their businesses in terms of location, products and services, marketing strategies, and market position.

## **Analysis of Competitive Position**

Now we want to compare your business to your competitors. In what ways you will have an advantage over your competitors and in what ways will you be at a competitive disadvantage? In which markets will you have the greatest competitive advantage?

## **Pricing and Positioning Strategy**

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)?

## **Promotion Strategy**

Having a good product and/or service is no guarantee of success. You have to make potential customers aware of your products and tell them how and where they can buy them. Describe how you will create awareness of your products and services. Highlight the types of promotional activities you will undertake such as media advertising, trade shows, direct mail, sales calls and any other means of promotion that you will use to reach your target markets.

## **Distribution Strategy**

How will you distribute your products and/or services to your target markets? Discuss where your customers will be able to buy your product and/or service, and how you will provide customer service and after sales support.

## **Management and Staffing**

Management and staffing is a very important section of a business plan. Many investors say that they invest in people, not in businesses. Readers will want to know that your management team and staff have the necessary expertise and experience to be able to implement the business plan.

In this section you should:

- describe the structure of your organization;
- summarize the expertise and experience of your management team; and
- identify your staffing needs and any labour market issues.

### **Organizational Structure**

Describe the management and staffing structure of your business. Discuss how many employees you currently have and how many you expect to have over the next three years. What are the key positions within your business and what are the reporting relationships between those positions?

### **Management Team**

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.

### **Staffing**

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.

### **Labour Market Issues**

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

### **Regulatory Issues**

Any business is affected by regulatory issues. In this section, you should identify any:

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

### **Intellectual Property Protection**

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.

### **Regulatory Issues**

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?

## **Risks / Contingency**

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**

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.

### **Other Risks**

Discuss any other risks that could affect the success of your business and how you will overcome them.

## **Implementation Plan**

In your business plan you have identified a series of things that you are going to do. It is useful to the reader to summarize these, and to identify who will do them and when they will be done.

### **Implementation Activities and Dates**

When will the key activities and initiatives in your business plan be implemented and who will be responsible for their implementation?

## **Financial Plan**

In this very important section, you will prepare your financial plan. For many, the financial plan is the most important section because it identifies your financing needs and shows the profit potential of your business. In addition, a good financial plan will give the reader confidence that you really understand your business. A financial plan includes four financial statements:

1. an **Income Statement**, which compares your revenues and expenses to see if you are going to make any money;
2. a **Monthly Cash Flow Statement** for the First Fiscal Year, which compares how much cash will be coming in versus how much you will be spending;
3. an **Annual Cash Flow Statement** for the First Three Fiscal Years; and
4. a **Balance Sheet**, which compares what you own to what you owe.

A financial plan also includes Notes to the Financial Statements (which list some of your assumptions), a written description highlighting key parts of your financial plan, and a ratio analysis.



## **Executive Summary** (and its key components)

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. ***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**

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

## **Ownership and Management**

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

## **Key Initiatives and Objectives**

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

## **Marketing Opportunities**

Provide an overview of the marketing opportunities for your business.

## **Competitive Advantages**

Summarize the main competitive advantages of your business.

## **Marketing Strategy**

Briefly describe the key components of your marketing strategy.

## **Summary of Financial Projections**

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

## **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**

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.

### **Recognition of Risk**

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.