



Community Business Development Corporations



Business Plan

Getting Started

There are many ways to start a small business but each approach shares common elements you need to consider.

Time

How much time do you have to develop your business idea? By allowing yourself enough time, you will likely avoid mistakes that could prove costly.

Money

How much money is at your disposal? Most entrepreneurs discover their businesses require more capital than originally anticipated. The need for adequate financing varies from business to business. You should ensure that you have access to enough money to allow for all possible contingencies so that you don't have cash flow problems or miss opportunities.

Expertise

Do you have the knowledge and skills required to make a success of this business? If not, it may be worthwhile to take some courses or work in the industry until you gain the knowledge you need.

Risk Tolerance

How much risk is involved? You need to honestly assess your personality and finances to determine how much risk you can tolerate. This may rule out some high-risk opportunities.

Financial return

Can you make a living from this business? Some people go into business without a clear idea of just how profitable the venture will be. Take the time to determine if your business revenues will justify your effort and provide you with the income you need.

Enjoyment

Will you enjoy the business? This is a major consideration, especially since owning a small business is often difficult and involves long hours. There will also be challenges and rough spots. You may need substantial commitment and self-sacrifice in the months that lie ahead.

Family Considerations

Will this new business adversely affect your family? Substantial sacrifices in time and money are required in the early stages of any business. You need to determine whether your savings or profits

from the business will provide you and your family with an adequate standard of living—especially in the early stages of the business. You will also need to find out how committed your family is to the business. For example, will they be able to cope with the extra hours needed to get a small business up and running?

Professional Help

Finally, getting started means starting out right. It is important to realize—before you start out—that there are many important decisions to be made involving legal and taxation issues, insurance, finance, bookkeeping and accounting, hiring employees, etc. These can often be complicated and difficult to address without specialized expertise. Consequently, you should consult professionals such as lawyers, accountants, insurance brokers, professional or accredited financial planners, bankers and government agents to get the best possible advice and avoid mistakes that may come back to haunt you later on.

Studying the Market

The first thing you need to do when thinking about starting a new business is to determine whether you can make a success of it. This means asking tough questions about the potential demand for your products, how much you can charge and whether payback will be sufficient to make it worth your while. This information is provided by a marketing plan.

Although each marketing study is different—because every business is different—most seek to answer the following questions:

- What is the market potential for my product or service?
- Who will my customers be; how many units can I sell; and how much can I charge?
- Who will my suppliers be and how much will they charge? What credit terms are they likely to offer?
- Who are my competitors and what competitive advantages do I possess?
- How will I get my goods to market and how expensive will this be?
- Will this business produce a large enough profit to justify the sacrifices which will be required?

Armed with answers to these questions and a properly laid out marketing plan, you will be in a much better position to determine the viability of your idea.

Getting the information for such a plan is often quite easy. For instance, one possible technique is to interview potential customers or those already in the industry. Trade and industry associations can also be helpful since they possess in-depth information about their industries.

Many publications and data bases can help you assess the potential of industries and markets. A visit to your local CBDC is a good first step in getting this information.

These plans are dynamic and are only helpful if they change as your business changes. Rather than prepare a marketing plan and file it away in your desk drawer, you should re-examine your plan from time to time in the light of new developments and make the necessary changes. Your marketing plan will then guide and support your efforts on a continual basis.

Planning a Business

Once you have completed your marketing study, you can use it as the starting point for developing one of the most important foundations of any business—the business plan.

Business plans contribute to the future success of a business in several ways. They are necessary when seeking loans; they help you measure progress; and they tell you where you are going and how to get there.

A business plan usually includes a description of your business and the industry in which it will function—including suppliers, customers and competitors—the products and services you will provide, your price schedules, sales, and your marketing and production plans. You will also need to outline the opportunities and threats facing your business, the resources you will require, your expansion plans, and current and projected financial statements.

Planning for the Future

Planning is critical not only in the early stages of business, but also as your business starts to grow. It is then necessary to help you avoid some of the pitfalls which often accompany expansion. One plan you must consider is human resource planning—the hiring and management of employees. To begin with, you need to consider how you will find employees with the skills and training needed to make your business a success. This might involve talking to friends, relatives and business colleagues for referrals of suitable candidates. However, such informal methods often prove inadequate. You may need to use more formal approaches such as advertising in local news-papers or using the services of recruitment or temporary employee services. You need to be aware of the many legal, regulatory and tax requirements related to having employees on your payroll. Some of these fall under provincial jurisdiction and involve such issues as employment standards, minimum wages, workers' compensation, and occupational health and safety. Others fall under federal jurisdiction and involve such issues as employer contributions to Employment Insurance and Canada Pension

Plan and the deduction and remittance of amounts for Canada Pension Plan, Employment Insurance and income tax. These issues are often complicated. For further information you should contact the appropriate provincial and federal government departments or professionals such as a lawyer or accountant.

Business planning is a continuous process. No business stays the same for long. Therefore, you need to revise your plan periodically to allow for changing circumstances. This will let your business plan continue to work for you. The process of rethinking the plan will force you to develop new ways of looking at your business and its environment. This may provide you with new ways of increasing revenues or cutting costs.

Business Plan

A. Introduction

1. Business Name

Name of Applicant

Date of Birth

Social Insurance Number

2. Type of Business

3. Mailing Address

4. Telephone Number: (residence)

(business)

Fax Number:

E-mail Address:

5. Precise Location of Business (Civic Address)

6. Person to Contact

Telephone

7. Assistance Requested: amount \$

New Project

Detailed list of project costs required including quotations from suppliers; refer to table on page 18.

Expansion

Modernization

Purpose

Anticipated Benefits from Assistance

B. Financial/Legal/Technical

Attach plant layout and/or list of equipment needed, together with cost estimates and quotes from contractors or suppliers.

1. Names and Addresses

a) Banker

Line of Credit: \$

b) Auditor

c) Legal Advisor

d) Insurance Company/Agent

e) Fiscal Year End

2. Legal Form of Business (check as appropriate)

Incorporated Sole Proprietorship Partnership Co-operative To be incorporated

3. Date business started and/or incorporated

4. Directors or Key Staff /Share List

Name	Position	Years with Business	Shares Held
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C. Project Description

Date construction will start	20
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Date operations will commence	20
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D. Program Funding

1. FUNDS REQUIRED FOR	AMOUNT	SOURCE OF FUNDS	AMOUNT
Land	\$	Community Business Development Corporation	\$
Building	\$	Chartered Bank – Term Loan	\$
Machinery/Equipment	\$	Operating Line	\$
Vehicles	\$	Nova Scotia Business Inc.	\$
Leasehold Improvements	\$	Enterprise Cape Breton Corporation	\$
Inventory	\$	Atlantic Canada Opportunities Agency	\$
Working Capital	\$	Other	\$
Miscellaneous Startup	\$	Owner's Contribution (cash)	\$
Other	\$	Owner's Contribution (other)	\$
TOTAL	\$	TOTAL	\$

2. Outline if the owner's contributions consist of cash and/or other assets.

3. Will any part of the owner's contribution be borrowed? yes no

If yes, from whom

Security to be given

Terms

Interest Rate

4. Proposed Security for Requested Assistance

5. Credit References: a)

b)

c) Are the assets unencumbered? yes no If 'No', provide details:

E. Financial Information (to be attached)

- 1. Historical Financial Statements:
Enclose statement for your most recent year of operation
- 2. Pro-Forma Financial Statements
 - a) Balance Sheets – Current/Opening
 - b) Yearly profit and loss statement for year one
 - c) Statement of cash flow projected on a monthly basis for one year of operation

F. Market Summary

- 1. PRODUCT/SERVICE Applicants should list each service if more than one is provided. Provide as much detail as possible about the service. If a similar service exists in your trading area describe any advantages your business may have (i.e. pricing, supply of raw materials, transportation etc.). Give a brief description of any past experience or training in the proposed business field which may be advantageous to the business. Is the business seasonal or subject to peaks and valleys in sales? List such things as operating hours, cash or credit. Explain the type of service/product you will provide.

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2. TYPICAL CUSTOMERS

Who are your customers?
Name the types of clients you expect to draw with your business.

Will your clients be other businesses or the general public?
If other businesses name them. Do you have any letters of intent? (Can you obtain or include them).

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Age

Male/Female

Income

3. TRADING AREA Will all of your business be generated within your local community or will your business draw customers from surrounding communities? If identifying communities outside of your own, please indicate if you will bring the service to them or whether they will have to come to you. If they will be coming to you, explain why you expect them to travel to obtain your service. Is there a secondary trading area? This would be in an area that might contribute to your business, not on a regular basis, but occasionally due to travel in your area. Indicate the population of the identified trading area as well as the population of the secondary trading area.

4. EXISTING BUSINESS COMPETITION Having identified your general trading area, indicate if any business operating in the general trading area is offering any of the services you will offer. Describe, if possible, the type or types of services offered. Name the business and the location. If the service is offered from outside the trading area, indicate the location of the service.

5. MARKET JUSTIFICATION You may have knowledge that a large number of people from within the trading area are travelling long distances to avail of the service you propose, or from research you have determined that a population base within the area can support such a facility. Why do you feel the identified trading area can support your proposed project?

6. **EXPANDING OR STATIC** This question relates to the general trading area which may be affected by some large new industry moving into the area which would cause more people to locate within the area. Is your region gaining or losing in population and why?

7. **ADVERTISING/PROMOTION** If newspaper advertising, radio spots, flyers, posters etc., are to be used, advise how many and the approximate cost of each medium to be used. How do you propose to advise potential customers of your service? Identify the cost of doing so.

8. **BASIS OF PROJECTIONS** Was this information obtained from a similar type of operation, or on the basis of industry norms or some other method? Explain.

9. **EXPANSION OPPORTUNITIES** If your project is successful, can it be expanded by growing larger or are there opportunities in related fields that could provide room for expansion? (i.e. a motel, another related service such as boat rentals or tours). Explain.

G. Personnel Requirements

1. Indicate the number currently employed (including the applicant) and any increase as a result of this project.

	Present	Projected
Full Time	_____	_____
Part Time	_____	_____
Seasonal	_____	_____

2. MANAGEMENT

Identify the specific duties of key management personnel with regard to areas such as sales, marketing, bookkeeping etc.

(Address the issue of continuity for key management personnel).

H. Operation Plan Describe your location and its pros and cons.

Location

Advantages

Disadvantages

Traffic Flows and Patterns

Zoning Requirements

Access

Parking

Visibility

Cost

Condition

Other

IMPORTANT: Have you received the necessary permits or reviewed your submission with the appropriate regulatory agency? (i.e. Department of Health, Regional Municipality – Development Department, Social Services, Forestry, Fisheries, Environment, Tourism, etc.)

- yes no
 not applicable

I. Environmental Matters

1. Land and Buildings

a) How long have you owned the site?

b) What was the prior use of this site?

c) Describe your water source and sewage disposal systems.

2. Neighbourhood

a) Are there watercourses, wetlands, or other environmentally-sensitive areas nearby? no yes

If so, provide particulars.

b) Are homes nearby, or within one kilometer? no yes

c) Is your site in an industrial area? no yes

3. Materials

a) Describe any hazardous materials used on the site.

b) How are these materials stored/handled?

4. Processes and Operations

a) Describe any process which involves hazardous materials.

b) How are dangerous materials normally disposed of?

c) What plans are in place to deal with spills or releases of hazardous materials from your site?

5. Regulations and Compliance

Please attach details of environmental regulations which apply to your site and confirm you are in compliance with all of them. If your business has developed a "Green Plan" to deal with environmental matters, please enclose a copy.

Forecast Assumptions

As discussed in the narrative section of this kit, you must base your forecast on sound reliable research. To improve the quality of your loan presentation, use this document to explain how and why you arrived at the major figures on your forecast, whether for a new or existing business.

Sales (Explain how you arrive 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 Cost (Relate directly to number of units sold.)

Salaries/Wages and Benefits (Refer to number of employees and wage rates.)

Other Expenses (State the basis for amounts shown in each of these 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.)

Forecast Profit and Loss Statement – Year 1

NOTE: It may be beneficial to complete the Monthly Cash Flow Budget (see Pages 16 and 17) and summarize information for Forecast Profit and Loss Statement on this page.

INCOME:	Sales	\$		%
	Other	\$		
	TOTAL SALES		\$	
	Less: Cost of Sales	\$	\$	
	Gross Profit		\$	
EXPENSES:	Salaries – Management	\$		
	Wages and Benefits – Employees	\$		
	Rent	\$		
	Heat, Lights, Power	\$		
	Insurance	\$		
	Postage	\$		
	Office Supplies	\$		
	Repairs and Maintenance	\$		
	Travel and Entertainment	\$		
	Telephone	\$		
	Professional Fees	\$		
	Bank Charges	\$		
	Interest	\$		
	Advertising	\$		
	Depreciation	\$		
	Freight	\$		
	Automotive	\$		
	Business and Property Taxes	\$		
	Other (please specify)	\$		
	TOTAL EXPENSES		\$	
	Operating Profit (Loss)		\$	
	Add: Other Income		\$	
	Less: Proprietors Drawings		\$	
	Provisions for Income Taxes		\$	
	Net Profit (Loss)		\$	
	Add: Depreciation and Amortization		\$	
	Available Funds		\$	

Forecast Profit and Loss Statement – Year 2

INCOME:	Sales	\$	%
	Other	\$	
	TOTAL SALES	\$	
	Less: Cost of Sales	\$	
	Gross Profit	\$	
EXPENSES:	Salaries – Management	\$	
	Wages and Benefits – Employees	\$	
	Rent	\$	
	Heat, Lights, Power	\$	
	Insurance	\$	
	Postage	\$	
	Office Supplies	\$	
	Repairs and Maintenance	\$	
	Travel and Entertainment	\$	
	Telephone	\$	
	Professional Fees	\$	
	Bank Charges	\$	
	Interest	\$	
	Advertising	\$	
	Depreciation	\$	
	Freight	\$	
	Automotive	\$	
	Business and Property Taxes	\$	
	Other (please specify)	\$	
	TOTAL EXPENSES	\$	
	Operating Profit (Loss)	\$	
	Add: Other Income	\$	
	Less: Proprietors Drawings	\$	
	Provisions for Income Taxes	\$	
	Net Profit (Loss)	\$	
	Add: Depreciation and Amortization	\$	
	Available Funds	\$	

Forecasted Balance Sheet Statement Upon Completion of Project

ASSETS

Current Assets:	Cash	\$
	Accounts Receivable	\$
	Inventory (at Lower of Cost or Market Value)	\$
	Prepaid Expenses	\$
	Other Current Assets	\$
	TOTAL CURRENT ASSETS (A)	\$
Fixed Assets:	Land	\$
	Buildings	\$
	Furniture, Fixtures	\$
	Vehicles	\$
	Equipment	\$
	Other Assets	\$
	TOTAL FIXED ASSETS (B)	\$
	TOTAL ASSETS (A + B)	\$

LIABILITIES

Current Liabilities:	Bank Indebtedness	\$
	Accounts Payable and Accrued Liabilities	\$
	Income Tax Payable	\$
	Other Liabilities	\$
	Current Portion of Long-Term Debt	\$
	TOTAL CURRENT LIABILITIES (C)	\$
Long-Term Debt:	Mortgages	\$
	(Less Current Portion)	\$
	Loans from Shareholders	\$
	Other Long - Term Loans	\$
	TOTAL LONG-TERM DEBT (D)	\$
	TOTAL LIABILITIES	\$
	Share Capital/Owners' Investment (E)	\$
	Total Liabilities + Share Capital/Owners' Investment	\$

NOTE: (A+B) = (C+D+E)

Monthly Cash Flow Budget

MONTHS	OPENING BALANCE			
SALES				
OTHER REVENUE (SPECIFY):				
TOTAL SALES				
RECEIPTS				
CASH IN Cash Sales				
Receivables Collected				
Loan Proceeds				
Personal Investment				
Sales of Assets				
—				
—				
Total Cash				
DISBURSEMENTS				
CASH OUT Wages and Benefits				
Materials				
Inventory/Purchases				
Rent				
Office Supplies				
Taxes and Licenses				
Repairs and Maintenance				
Bank Charges and Interest				
Telephone				
Utilities				
Insurance				
Advertising and Promotion				
Loan Payments				
Automotive				
Professional Fees				
Proprietor's Drawings				
Other:				
TOTAL CASH OUT				
TOTAL CASH IN				
Plus Cash Balance Previous Period				
Less Total Cash Out				
Equals Closing Cash Balance <i>(carry forward to next period)</i>				

Security Offer • Realty Assets – Construction

Date:

LAND	
Location	
Type of District	
Zoning	
Services	
Plot Plan	
Dimensions	
Area	
Character	
Access	
Parking	
Special Comments	
Purchase Price	
Tenure Leased Land	
Term	
Expiry Date	
Rent Paid	
Proposed Land Improvements	
Excavation	
Site Grading	
Backfill	
Driveways, Walkways	
Parking	
Total Cost	
BUILDING	
Type	
Dimensions (ft.)	
Area (sq. ft.)	
Basement	
Number of Stories	
Foundation	
Walls	
Floors	
Roof	
Exterior Finish	
Interior Finish	
Sprinkler System	
Insulated	
Electrical Service	
Lighting	

Personal Resumé

Prepare a separate resumé for each key individual, administrative as well as technical.

Name _____ Telephone _____

Present Address _____

Postal Code _____

How long have you lived here? *(If less than five years, provide previous addresses)* _____

Former Address _____ Former Address _____

How Long? _____ How Long? _____

EMPLOYMENT

Present _____

How Long? _____

Former _____

How Long? _____

Former _____

How Long? _____

Responsibilities, experience, education and background directly related to this business:

Statement of Personal Affairs

ASSETS *(If married include assets of both self and spouse)*

Cash Holdings	Bank	Branch	Account No.	Amount
Real Estate	Address	Mortgage Holder	Purchase Price	Present Value
Other Assets		Purchase Price	Year	Present Value
Autos	Make	Model	Year	Value

LIABILITIES

Bank Loans	Bank	Payment	Maturity	Rate	Balance Owing
				%	
				%	
Mortgages	Bank	Payment	Maturity	Rate	Balance Owing
				%	
				%	
Other Liabilities, Credit Cards	Name	Institution	Account No.	Rate	
				%	
				%	

Name _____

Present Employer _____

Address _____

How Long? _____

Salary _____

Telephone (home) _____

Spouse's Name _____

(business) _____

Spouse's SIN _____

Birthdate _____

Spouse's Employer _____

Social Insurance No. _____

Marital Status _____

How Long? _____

No. of Dependents _____

Salary _____

PERSONAL FINANCIAL SUMMARY

Assets	Amount	Liabilities	Amount
Cash		Bank Loans	
Real Estate Value		Mortgages	
Other Assets		Other Liabilities	
Vehicles		Credit Cards	
Life Insurance (cash value) (Note 1)*		Other	
RRSP (current value)		TOTAL	
Stocks, Bonds, etc. (current value)			
Household and Personal Effects (Note 2)*			
Other			
TOTAL			

Total Assets \$ _____ – less Total Liabilities \$ _____ = Net Worth \$ _____

Additional Information that you feel may be applicable (including originating notices, writs, judgements, liabilities and collections):

Declaration of Consent:

- i) The undersigned consents to the obtaining of such information as may be required at any time in connection with the credit hereby applied for or any renewal or extension thereof, and the disclosure of any information concerning the undersigned to any credit reporting agency or to any person with whom the undersigned has or proposes to have financial relations.
- ii) The undersigned consents to the access & use of this application by CANADA for reporting, monitoring and evaluation purposes and that the undersigned may be contacted from time to time by CANADA in order to effectively evaluate the performance of the Community Business Development Corporation and the undersigned will be encouraged to cooperate by providing information or assistance provided to them by the Community Business Development Corporation.

Declaration of the Borrower:

Information given in this application is for the purpose of obtaining a loan from the Community Business Development Corporation and I certify that all answers contained therein are true to my knowledge and belief.

If you are prepared to make me a loan in accordance with the foregoing application, I agree to give you whatever security is required by the Community Business Development Corporation and I agree to reimburse you for any expense incurred in connection therewith.

Date _____

Signature of Applicant(s) _____

*** NOTES**

1. Term life policies normally have no cash surrender value. Whole life policies normally have a cash surrender value if they are terminated. It is not the amount that will be paid upon death.
2. Value of household & personal effects based on estimated value if they were to be sold.

Community Business Development Corporations of Atlantic Canada



We are Community Business Development Corporations (CBDCs), a network of autonomous, not-for-profit companies that work in cooperation with all levels of government and the private sector to meet the needs of small business. In rural Atlantic Canada there are forty-one Corporations —each dedicated to the development of small business and job creation in their communities.

As CBDCs, we assist in the creation of small business and in the expansion and modernization of existing businesses by providing financial and technical services to entrepreneurs. The services

we offer are many and varied. For qualifying clients, we can provide loans up to \$125,000, loan guarantees, equity capital, and technical assistance in the form of business counseling, advice and information. Typically, these financial services are targeted to entrepreneurs who require customized financing not normally available from traditional sources. One of the keys to our success is that investment decisions are made locally by an independent board of directors sensitive to the needs of the community. They are volunteers, generally business people, who believe in our communities and possess an outstanding commitment to making things work in their area.

We've been around for a long time, quietly building local successes by investing in people. Over the years, CBDCs have invested in the dreams and ideas of thousands of Atlantic Canadian entrepreneurs—offering financial help and advice, counseling and planning to our clients. We invested in these people because we believed in their ideas. We'd like to hear yours.

Eligibility criteria may vary from office to office. To obtain further information, you should contact one of the CBDCs in your community.



Atlantic Canada
Opportunities
Agency

Agence de
promotion économique
du Canada atlantique

Canada