

How to Write a Business Plan

**Prepared for the
Economic Development Officers of Nunavut**

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INTRODUCTION

A business plan encompasses all the “how’s” and “needs” of your clients business on paper. It is a written presentation that carefully explains the business, products, markets, marketing strategies, management team and goals. In some instances, it can be seen as series of mini-plans that are grouped together to make up the whole business on paper.

While all business plans contain key elements, the size and content of a business plan varies from industry to industry and business to business. All business plans are not the same, and you can’t just copy someone else’s and expect it to work. What may good for one business may not work in another business. In addition, why the business plan is being written will also affect its style and content. There is no standardized format, which can be followed.

There are primarily four reasons for writing a business plan. They are:

1. to better organize and improve your business operations
2. to seek a bank loan
3. to seek an investor or partner
4. to determine the selling price of your business

Prior to writing a business plan it is important to determine: what is the intent of the plan? If, it is to obtain financing then there will be a need to put more emphasis on the financials, and the writer should be concerned about the quality and the level of professionalism of the business plan. If the business plan is being written as a planning document for a business then the detail, quality and level of professionalism is at the writer’s discretion.

What follows is a suggested business plan outline. It has been designed to assist you and your clients in writing a business plan, and has undertaken to show the various sub-headings that can be used in business plan. In some instances, these subheadings can be grouped under one heading. You may also find that some of the sub-headings may not be relevant to the business that you are preparing the plan for. In these cases, it is best to omit these sub-headings from the business plan. Also, if there is a subject area in which you cannot find a fit with one of the given sub-headings, be creative and invent one with your client. Keep in mind it is a living, breathing document and should be created in such a way that it is user friendly.

GETTING STARTED

Although the writing of a business plan can be a painstaking process, it is an important and necessary document in any business. In many instances, it is the difference between a business that succeeds, and one that does not.

After you have determined the intent of your clients' business plan and you have familiarized yourself with the various headings and sub-headings, pick out the ones that pertain to the particular business circumstances. As you review each of the headings and questions, take the time to determine if there are any other questions you should add to your lists. As you go through each subheading, sketch in the information you know about the business and where you are unsure or missing information make notes on what you are lacking. Where possible, indicate how or where you can find the information you need to complete the business plan. Although this pre-planning process may seem trivial, it will save you time as you write the plan.

Since writing a business plan is like writing a series of mini-plans and strategies, you can basically start writing the business plan as soon as you determine your format. Don't wait until you have collected all your information. Start filling in the sections as you go along, and unless you are writing a business plan for a lemonade stand, don't expect to complete your business plan in a day. It takes work, and remember a business plan is 75% research and 25% format.

➤ **Key Questions**

What information is missing?

What is the best way to gather this information? (Internet, survey, site visit of competitor, business journals, etc.)

What are the research sources?

What do I know about the market?

What is the intent of the business plan?

Who am I writing this business plan for?

If it is a financing proposal, how much of an investment do we need?

What skills does the entrepreneur bring to the business?

What business is the entrepreneur in?

What are their personal goals?

➤ **Writing Tips**

After you have selected your headings and sub-headings, roughly fill in the information in point form of what you do know. This will help facilitate the task of writing the business plan.

Aim for a business plan that is concise and brief. Leave out the secondary issues, and details for discussions.

ADDITIONAL CONSIDERATIONS

➤ **Make it easy to read**

The business plan is not only a planning tool but it is also a sales tool. It must capture the reader's attention, and motivate them to read the whole plan. Avoid jargon and buzzwords. Strive for simplicity.

➤ **Avoid hype**

Paint a realistic picture, and keep it credible. Where possible, always try to substantiate your information with facts and be honest.

➤ **Make sure the financial projections are believable**

The financial section of a business plan identifies the financing needs and profit potential of the business. Overly optimistic assumptions or a failure to accurately reflect the full costs of the operations can quickly destroy the credibility of the business plan and the entrepreneur.

➤ **Create different versions of the plan**

If you and your client are approaching different investors for funding you may want to design different versions of the same plan to meet the needs of each funding source. For instance, Kakivak Association, Kivalliq Partners in Development and Kitikmeot Inuit Association, Community Futures Organizations, Atuqtuarvik, or Nunavut Business Credit Corporation would focus more on the financials, whereas another funder may be more focused on the management of the business. Both need different areas emphasized in the business plan.

➤ **Have it reviewed**

After you have drafted the business plan have it reviewed by a cross section of people whose judgment you respect. Perhaps you can ask someone like a business development officer within Kakivak, Partners or KitIA. Or perhaps you can get another EDO to review it.

➤ **Repeating Statements**

When writing the business plan at times you may feel that you are repeating the same information in a different section. Although a business plan is filled with what seems to be repetitive statements; in each section there is a different level of depth needed on the subject area.

➤ **Keep the plan up-to-date**

The business plan should be viewed as a living document and should be reviewed and up-dated on a regular basis.

➤ **Business plans are not written in stone**

Life changes continually, and so will your clients business plan. The business plan is guide and can be changed at any point and time.

COMPONENTS OF A BUSINESS PLAN

BUSINESS PLAN SUMMARY

Also called an Executive Summary, the Business Plan Summary is written last, and read first. It is a concise description of the key elements of your business plan. Its focus is dependent upon the intent of the business plan, and its purpose is to entice the reader to review or request the full proposal.

➤ **Key Questions**

- What is the purpose of this plan? Operating guide? Financing?
- What is the structure of the business?
- Who are the principals and what are their proportions of ownership?
- When was the company established?
- How much funding is needed? What is it to be used for?
- What is the market?
- What products or services is your client offering?
- What is your marketing strategy?
- Why will the venture be successful?

➤ **Writing tips**

Your business plan summary is your sales agent; make sure you chose your wording very carefully.

Your business plan summary should only contain information, which is found in the full business plan.

INDUSTRY AND ENVIRONMENTAL DESCRIPTION

Industry Profile

In this section, you will discuss the industry that the business will be operating and competing in. It is not a discussion about the competition, but a discussion of the economic factors that are affecting the business, its products and its customers. It is a section where a clear overview of the industry is provided. Where it is at, and where it is going. You briefly describe your competition, suppliers, wholesalers and distribution network in the industry but on a more macro level.

➤ **Key Questions**

- What are the prospects for the industry in which the business operates?
- What is the size of the industry?
- What economic variables relate to the business?
- What economic variables such as inflation, Gross National Product (GNP), consumer spending, etc. affect the business and consumers?
- If the economy's performance deviates from your clients' expectations, what impact would there be on his or her company?
- Can any regression analysis be done between economic variables and the business?
- What is the economic forecast for the industry being examined?
- What are the economic trends of the industry?
- How will the local economy affect the results of your clients business?
- Is your clients company doing better or worse than the industry as a whole?
- What are the local trends in the business?

➤ **Writing Tips**

Do not rely on "best guesses". Get the facts, and use actual industry data from trade associations, government reports and trade journals to support the descriptions you are including in the business plan.

Paint the whole picture. Do not just report the positive side of the industry, include the negative too. It's part of the planning.

Community Profile

Provide a brief description of your community where the business will be operating. Most community descriptions can be found in your own community economic development plans or your socio economic assessments. The community profile is a microanalysis of the economic, social and cultural variables in the community in which you are trying to inform the reader about

what is happening in the community. As EDO, you may be the one responsible to develop the community profile yourself. In that case, here are some questions to consider.

➤ **Key Questions**

- Is the community's economy stable, changing, improving or deteriorating?
- What other types of businesses are there in the community?
- Is the community supportive of this type of business?
- Are there any regulations that would prohibit the business?
- What is the current unemployment rate?
- How big is the population?
- What is the economic base?

➤ **Writing Tips**

Keep it short and simple.

Community Benefits

This section describes the benefits the community receives from the business operation.

➤ **Key Questions**

- How many new jobs will be created for the community?
- How many community activities will the company sponsor or participate in?
- How will the new business give back to the whole?

➤ **Writing Tips**

Don't just look at the business in terms of jobs created but think about the training and investments in the community.

BUSINESS DESCRIPTION

This section of the business plan provides the big picture of the clients business. It provides the reader with descriptive information about the business, and the products and services it is offering. It also provides information on the customers, legal structure, location and goals and objectives of the entrepreneur.

Business Overview

This section requires you to briefly describe how the business started, where it is now, major

challenges or accomplishments, and its status in the current industry. You should also briefly describe the product or service, strategic relationships, internal and external risks.

➤ **Key Questions**

- How does your client perceive their business?
- What is their experience in this business?
- What is the history of their business?
- What is the present status of the business? Is this a new business or an expansion to an existing?
- How was the business venture developed?
- How long has the business been legally established?
- What is the structure of the business?
- How has the business evolved?
- What are some of the business's achievements and acceptable setbacks?
- What have been the toughest challenges for the business so far?
- What value does the business supply to its customers?
- How would your client describe his/her business? Is it retail, wholesale, service provider, manufacturer, tourist operator?
- To date, what progress has your entrepreneur made with their business?
- How has your client's business evolved in terms of: products, market served, facilities, management, and organization?
- What is unique about their business?
- What are they offering?
- What value does your client's company provide to its customers?
- What are their estimated sales?
- What are the prospects for the industry in which the business operates?
- What type of business is your client in?
- What market does your client intend to serve? What is their expected market share?
- How are they serving the market better than their competitor?
- How will their management skills make the business successful?
- What risks are associated with the business?

➤ **Writing Tips**

It is sometimes easier to complete the other parts of this section before writing the business overview.

Goals and Objectives

The goals and objectives should explain as specifically as possible what it is your client wants to achieve. Although they are usually expressed as numbers, i.e. sales, percentage income or return on investment (ROI), they can include goals and objectives that are service oriented or directed at

cost reduction strategies. Regardless of what the goals and objectives are they need to be measurable. If they are not measurable, how will the client know their success or failure?

➤ **Key Questions**

Why is your client starting a business?

What are his/her personal and professional goals and objectives?

What return do they expect from their business in both time and money?

What is the target deadline?

How will they decide how successful their business is?

What is the time frame for measuring their success? (i.e., in 3 months, 6 months, 1 year, etc.)

Where does your client want to go in terms of products, customers, profits and return on investments (ROIs)?

What changes do they have to make to get there?

➤ **Writing Tips**

When defining the goals and objectives the client needs to strike a balance between targets that represent a realistic reach, and those that are so far out that they will certainly lead to failure. Make sure you assist your client in setting goals that are credible so they will be attainable.

You might want to help them establish two sets of goals and objectives. One for the short term, ranging from 6 to 12 months, and another for the long-term, ranging from 2 to 5 years.

Finally make sure your objectives are SMART (Specific, Measurable, Achievable, Realistic and Timed)

Legalities

Legalities are a catchall title. This section primarily focuses on issues such as intellectual properties, licenses, legal structure, risks, and insurance, zoning regulations, security, auditing and legal representation. Most of this will be explained more fully in subsequent sections, so you may only need to write a sentence or two.

➤ **Key Questions**

Are there any licenses or permits that your client is required to obtain?

Is the business name registered?

Are there any zoning regulations that affect the business?

- What types of insurance has your client obtained?
- Who is the accountant?
- Who is the legal counsel?
- What potential risks are associated with the business?
- Is the company facing any legal liability or other legal problems?
- Is the company or any principal involved in any threatened or pending litigation or disciplinary action?
- Has the issue of security been addressed?

➤ **Writing Tips**

You need to show the reader/investor that you are giving them a complete picture of your clients business. If there are negative risks associated with the business it is best to be honest and identify them up front. You should also give information that shows how your client is going to counteract the negatives to turn them around into opportunities.

Location

In this section, you will want to describe the location of the business and any terms associated with the facility. In addition, you may want to describe the advantages and disadvantages of this location.

➤ **Key Questions**

- What are the location needs?
- Where will the business be located?
- Why is the area that has been chosen desirable?
- What are the costs associated with the location?
- What are the advantages and disadvantages with this location?
- Is it an existing building or will a building need to be constructed?
- Will the building be leased or owned?
- What are the terms and length of the lease contract?
- What renovations will be needed and at what cost?
- How much can the business expand before it will be forced to move or add on to the present building?

➤ **Writing Tips**

You may also need to discuss location in the marketing section of your business plan if it is intricately tied to the sale of the products.

PRODUCT/SERVICE DESCRIPTION

Product/Service

In this section, you will need to describe some of the key features of the products or services your client will be supplying or offering. In addition, you will want to discuss the need for the product and service in today's marketplace, how it will make a difference, and the benefits derived from the product or service. In layman's terms explain what exactly the product/service does. For instance:

If your client is the manufacturer and/or wholesale distributor of a product: Briefly give a description of their manufacturing process and the products they will be producing. In addition, include information on suppliers and availability of materials.

If your client is a retailer and/or an e-tailer: Describe the products they sell. Include information about their sources and handling of inventory and fulfillment.

If your client provides a service: Describe their services and list future products or services they plan to provide.

➤ **Key Questions**

- What are they selling?
- Is there a need for their product?
- Do they manufacture their entire product or do they purchase from other vendors?
- What are their average inventory costs?
- What is the timing of deliveries?
- Do they have any guarantees on their product?
- How will their product or service benefit their customer?
- What is different about their product or service?
- What makes their product unique? (price, design, quality, etc.)
- How does their product compare with their competition?
- Where will they obtain products or supplies?
- What research and development was undertaken or must be completed before their product is placed on the market?
- What is their future development plan for their product or service?
- Are there any other related products they will offer?
- Are there any features of their product or service (ie. patents, trademarks) that can give them a competitive advantage in their industry?
- Is there any special training that is needed to sell or use their product or service?
- Does their product require any special packaging?
- Are there any regulations that affect the product or service?

Are there any liability considerations associated with the product or service?
Have you included any studies or brochures about the products/services?

➤ **Writing Tips**

When describing the benefits of the product or service try to write it from the customer's perspective, and don't just sell the features of the product or service. Sell the benefits and values of the product or service.

Avoid technical jargon and try to describe the product or service in clear and concise language. The person who may be reading the business plan may not understand industry jargon and buzzwords.

Resist the temptation to compare the product and service with the competition. You will be able to do that in the competitive analysis in the Marketing Plan.

Pricing

This section describes what your client is going to charge for their business' product or service, and how they calculated the price. Once you have explained the pricing and rationale, provide a brief discussion of where this pricing strategy places the company in the spectrum of the other providers of this product or service.

➤ **Key Questions**

Why will someone pay the price for the product or service?
How does the price affect market share?
How does the price affect having their product or service accepted?
What is the rationale for their pricing?
How did your client determine the price?
Does the price allow for freight, projected profit, price fluctuations in the marketplace and consumer interpretation of value?
Does the price cover costs?
What is the product cost breakdown? (Cost of good sold and operating expenses)
What markups are allowed at each level of distribution?
Are these most cost effective methods of processing and packaging utilized?
Are the prices competitive?
What is the pricing strategy of your client's competitors?
Will your client have cash or volume discounts?
What will discounts do to the mark-up?
How important is a low price?

➤ **Writing Tips**

Don't just pick a price out of thin air. Do your research, and take a look at what is happening in the industry.

Positioning

Positioning refers to how the customers and competitors perceive the company's product or service in the marketplace. Although your clients' product or service plays a role, this section emphasizes the relationship they have with their customers and the competition. In this section you attempt to define where the business stands in the whole picture.

➤ **Key Questions**

How big in dollar terms is the business's market potential?
What is your entrepreneur's relationship to his/her customers?
How do his/her customers perceive product/service?
Is the product/service a market leader, low-cost substitute or a full-service alternative?

➤ **Writing Tips**

You are going to have to complete your market research before you write this section.

MANAGEMENT AND OWNERSHIP STRUCTURE

In this section, you will need to detail the business structure and list all officers and/or the principal owners and manager. You will need to discuss the management team in terms of its strengths and weaknesses, responsibilities and qualifications, and demonstrate that they have the talent in place to develop and sell the product/service while managing the financials. It is also important that you explain the company's hiring criteria, salaries and benefits structure and the system for performance evaluation.

➤ **Key Questions**

How will the business be organized?
What is the ownership structure?
Do the owners have any function within the company?
What is the legal structure of the business?
Who is on the board of directors?
Do they have an advisory committee to assist and guide them?
What are the duties of all principal personnel in the business?
What are the reporting relationships of the management team?
What positions are critical to the business?
What are the strengths and weaknesses of the management team?

- What sets the management team apart from the competitors?
- How does the background and experience of the management team help in the business?
- What are the duties of the management team?
- What are the salaries and benefits that are being paid to management?

➤ **Writing Tips**

You are not writing out their resumes, you are only highlighting experience and knowledge they bring to the business. Stick to the details, supplementary information should be included in the appendices. A paragraph or two on each individual will be enough.

MARKETING PLAN

This is one of the most critical sections of the business plan, and is sometimes referred to as the “game plan”. The marketing plan outlines the activities the business will undertake to promote itself to the outside world. It defines all of the components of the marketing strategy, and addresses details of your client’s market analysis, sales, advertising and public relations campaigns.

Summary of Marketing Strategy

Since the marketing plan is a plan onto itself, the summary of marketing strategy portion is similar to an executive summary. In this section, you will highlight the key elements of the marketing plan. It is a short and concise summary of the plan to get your clients product/service to the marketplace.

➤ **Key Questions**

- What are the key elements of your clients’ marketing strategy?
- Why are these important?
- Who exactly are they targeting?
- Why is your client targeting them?
- Why is your clients’ product unique?
- How will your client maintain market share?
- How will your client penetrate the market?

➤ **Writing Tips**

It will be easier for you to write this section after you have completed the rest of the marketing plan.

Marketing Goals and Objectives

As with any other goal and objective, you and your client should establish marketing goals and objectives that are quantifiable. This will ensure that your client is able to monitor their results and identify what marketing strategies are working for them. In this section the goals might include sales, profits, or customer's satisfaction.

➤ **Key Questions**

What does your client want from their business?
How many customers do they want to reach?
How will they reach these customers?
Why do they want to reach these customers?
How many new customers do they want?
Once they reach these customers, how will they keep them?
What are their sales goals?

➤ **Writing Tips**

Once you have completed their marketing plan, review their marketing goals again. Are they realistic?

Market Analysis

In this section you are going to provide a description of your clients' customers, and the marketplace your client will be operating in. This section usually encompasses the following subject areas:

- target market
- competition
- market trends
- market research

and requires a significant amount of research.

Target Market

Identified with demographics, psychographics, and niche market specifics, this section describes the types of customers who will be buying your clients' product or service. It also describes in detail the key characteristics, and buying patterns of your clients' existing and potential customers. A target market is usually made up of a:

- primary target market: your clients' best and most profitable customers. They are usually

the ones who are highly motivated to buy the product or service.

- secondary target market: these are usually other target markets who show good potential.
- tertiary markets: usually other potential markets in which there could be new or emerging users of the product and service.

Generally, this section focuses on the primary and secondary markets, and usually segments them down in terms of age, sex, profession, income, geographic location, etc. of the customers.

➤ **Key Questions**

Who are the customers?

What characteristics make them similar? What makes them different?

What are the key characteristics of the potential customers?

What is the location, age, sex and occupation of the target markets?

What are the customer's buying patterns/habits? Where do they live, shop and play?

Are the customers seasonal buyers?

Do the customers use cash or credit?

Are there any trends to their buying habits?

What is the intrinsic motivation behind the customers' purchases?

Is your client selling to the end user or a middleman?

What are the customers' needs, wants, emotions and perceptions?

What emotions have been observed in the customer's decision-making process?

How much market share does your client intend on capturing?

What are the negative and positive perceptions customers have about your entrepreneur, his/her company and its product/services?

How do these perceptions affect the purchasing and decision making of those customers?

➤ **Writing Tips**

You need to identify the characteristics of each one of the target markets, and once you have completed your analysis you will need to choose the most desirable groups or the ones with the most potential. If your client is just starting out it might be wise just to target the customers who are most likely to purchase your clients' product or service. As the customer base expands, you will need to modify the plan.

Competition

In this section, you are going to describe what the competition is doing in the marketplace, and what percentage of the market share each of them have. If the information is available include annual sales and market share statistics for each competitor.

You will also need to complete a SWOT analysis for each competitor. A SWOT analysis looks at the strengths, weakness, opportunities and threats of each competitor, and involves a fair

amount of research. Each assessment should include the degree to which these companies meet their customers' needs. You should also explain how you intend to capture a share of their business.

➤ **Key Questions**

- Who are the top five direct competitors?
- Who are the indirect competitors?
- How are their businesses: steady? increasing? declining?
- Who is the largest competitor?
- What has your client learned from their competitors operations? from their advertising?
- What makes your client stand apart from the competition?
- What is the competition doing?
- What product/services is the competition offering?
- Why is your clients' product or service better?
- How is the marketplace currently operating?
- What are your clients' strengths? weaknesses?
- What are the competitor's strengths and weaknesses?
- How does the business compare with the competition in terms of: length of time in business, sales, suppliers, size and number of employees, suppliers, support, number of customers, market share and product niche?
- On what basis is the competition? (Product superiority, pricing, advertising, technology, etc.)
- What have you learned from talking to, and/or observing the competition?

➤ **Writing Tip**

Don't guess. Check out all your facts and note your sources.

Start a file on each of the competitors and fill it with their advertising and promotional materials and pricing strategies. Study the materials with your client so that you both understand the competitors better.

Market Trends

This section defines the industry trends and total market size. It also identifies the slice of the market the business will target. Use numbers as well as trend information to describe the current market and it's potential. You should also identify whether the market is growing, declining, or stable.

➤ **Key Questions**

- What is currently happening in the industry?
- What are the key trends?
- Where is the market going?
- How large is the market?
- What portion of this market is your client going after?
- What market opportunities are there for your client?
- How will your client capitalize on these opportunities?

➤ **Writing Tips**

If you haven't segmented the market you will have a difficult time completing this section. Make sure you know who the target market is before writing this section.

After the research, if your assumptions are confirmed you will know you are on the right track.

Market Research Results

In this portion of the market analysis you will describe the methods of research you utilized, and based on this research you will give a brief analysis of the results of your research. It is important to cite information sources and statistics that reflect why the business will be a success.

➤ **Key Questions**

- What methods did you use to collect the data?
- What field research did you and your client do?
- What publications/journals/magazines did you and your client review?
- Did you spend a day observing the competition?
- Did you and your client do a survey?
- What do the analysts say about the market?
- Do the projections compare with similar businesses?
- Was the test marketing successful?
- What are the peaks and valleys in the business?

➤ **Writing Tips**

Don't spend a lot of time describing how you got the information. Spend your time explaining what the information means to the business.

All industry data you can find on the business is important and can be useful for substantiating your information.

Marketing Strategy

The marketing strategy explains how your client will sell his/her products and services, and how they will move into new markets. It identifies the specific marketing techniques that they plan to use. Usually it covers the following subject areas:

- General Description (budget allocations, and expected ROIs)
- Method of Sales and Distribution (stores, offices, kiosks, catalogs, mail, website, etc.)
- Packaging (quality considerations and packaging)
- Pricing (price strategy and competitive position)
- Branding
- Database Marketing (Personalization)
- Sales Strategies (direct sales, direct mail, email, affiliate, reciprocal, and viral marketing)
- Sales Incentives/Promotions (samples, coupons, online promo, add-ons, rebates, etc.)
- Advertising Strategies (traditional, web/new media, long-term sponsorships)
- Public Relations (online presence, event sponsorship, press releases, interviews, customer relations)
- Networking (memberships and leadership positions)

➤ **Key Questions**

What is the sales appeal of the product/service?
How will your client attract and maintain his/her market?
How will they expand their market?
How will they distribute their product/service?
Will they sell it themselves or distribute it through wholesalers, retailers, brokers, etc.?
Who will carry out the distribution?
What are the costs associated with the proposed distribution channels?
How will your client price their product/service?
Do they have a different pricing structure for different markets? (retail, wholesale, catalog, etc.)
What incentives will they use to persuade customers to buy their products/services?
What is their promotional budget? How much will it cost?
What type of mix will they use?
How much of their budget will they allocate for media, print, and public relations?
How will you evaluate the effectiveness of each advertising, promotional and public relations campaigns?
Have they designed any marketing brochures?
Do they have any product literature?
What types of payments will they accept?
What is their relationship with their merchant supplier? Wholesalers?
What types of advertising, public relations and promotional programs and campaigns have they established?

- What trade and consumer shows will they be attending?
- How will they introduce their product to the marketplace?
- Is their packaging appealing? Why?
- What sales approach will they use?
- How will they compensate their sales staff?
- How will sales effectiveness be measured?
- What incentives will they offer to their sales staff?

➤ **Writing Tips**

If you are having problems writing this section, separate out each of the subject headings and write them out separately.

The marketing strategy is a trial and error process that will require testing and understanding the customers and market. When a strategy works for your client they should repeat it. If it does not and your client has done it properly, drop it.

Revenue Projections

This section discusses the projected revenues your client plans to make from each product or service their business is offering.

➤ **Key Questions**

- How much will each product/service cost your client to sell?
- How will their product/service be distributed?
- Are there any unique features in their sales network?
- Are there any government regulations that impact the business?

OPERATIONAL PLAN

The operational plan is a catch all term used to describe any important aspects of the business you and your client have not described elsewhere. If your client has an area of their business that does not seem to fit into any of the other headings or sub-headings it should fit here.

Usually this section of the business plan focuses on issues which are critical to the business= operations. It is briefly summarizes how major business functions will be carried out.

Service Plan

The service plan tells the reader how your client intends to provide his or her product/ service to their customer.

➤ **Key Questions**

What are the hours of operation for the business?
Is the business seasonal?
How long does it take to get the product/service to the customer?
How will payments be made?
How will your client service their product?
How will they satisfy their market?

➤ **Writing Tips**

You will need to discuss how your client intends to ensure that they will satisfy their customers.

Human Resource Plan

This section of the plan will describe all of the positions associated with the business. It will also include: job descriptions, organizational charts and management resumes that should be included in the appendices. The usual protocol in terms of order is, address management first, and continues with other personnel in a descending order down the organizational chart. Job descriptions outlining the essential job functions and responsibilities will have to be developed for all positions within the company.

➤ **Key Questions**

How will the company recruit the necessary personnel?
Who will be managing the company?
How many employees will the company have? In what positions?
What are the necessary qualifications of the employees?
How many hours will they work, and at what wage?
Will the employees be full-time or part-time?
How will the employees be trained? At what cost?
Does the company have any future needs for adding employees?
Can your client justify the staffing plan?
How will personnel policies be communicated to the employees?
What other management resources will be available (accountant, lawyer, etc.)?

➤ **Writing Tips**

Make sure you and your client are aware of the labour laws in Nunavut when you are writing this section.

Aftercare Plan

The aftercare plan encompasses all the activities that are going to assist the business in its success. It addresses subject such as:

- Legal requirements associated with start-up
- Types of insurance
- What accounting procedures will be followed including how the books will be done
- Who will the auditor be
- Who will the suppliers be, and what terms has your client negotiated with the suppliers
- What are the financial and inventory controls that the client has in place
- Methods of payment and other financial practices
- Regulations surrounding the business
- Memberships
- Equipment maintenance plans

➤ **Key Questions**

What types of insurance will the company need to have in place and who will provide the business with these services?

What legal procedures will need to be completed once the company starts up?

Has your client developed equipment maintenance routines if necessary?

Has your client implemented security measures?

Who are your clients' suppliers and what are the terms that have been negotiated?

How will your client control his/her accounts payable and receivable?

How will your client control their inventory?

Is the client set up for any regulations, licenses, etc. relating to their business?

➤ **Writing Tip**

As with other sections of the plan, take it subject by subject. In some areas you may find that a sentence is all that is needed, whereas others will require more detail. Use your discretion and where possible keep your information brief. Any supplementary information can be put in the appendices.

Facility and Equipment Plan

This section discusses the types of facilities and equipment your client will have in the business.

➤ **Key Questions**

What are your clients' leasehold agreements?
How big is the facility? How is it divided?
What renovations are required? How much will they cost?
What equipment will the company need?
What equipment does the company presently have?
How will the client maintain this equipment?

➤ **Writing Tips**

Put any detailed information into the appendices.

Implementation Plan

An implementation plan will outline how the company is going to operate on a month-to-month basis. It provides the reader with a timeline of the tasks, activities and priorities that will be taking place.

➤ **Key Questions**

What tools are required? (brochure, web site, press release, direct mail, etc.)
What type of training will be needed for the staff?
What type of human resource development systems will your client have?
What systems will your client have in place for inventory control?
Does your client have any customer service policies?
How will the business be managed on a day-to-day basis?

➤ **Writing Tips**

While you and your client are writing the business plan you should be thinking about how your client will actually implement their ideas, concepts and strategies in their plan.

Usually for the first year of the business plan, the implementation plan will describe the steps your client will take month by month. Thereafter, indicate the progress quarterly.

FINANCIAL PLAN

This section deals more with the operating budgets and should include:

- Sources and Application Funding
- Capital Equipment and Furniture List
- Projected Balance Sheet
- Break-even Analysis
- Projected Income Statements
 - three year summary
 - detailed by month for the first year
 - detailed by quarter for second and third years
 - notes of explanation
- Cash Flow Projections
 - three year summary
 - detailed by month for the first year
 - detailed by quarter for second and third years
 - notes of explanation

An existing business must also include the following documents:

- Profit/Loss Statements for Past Three Years
- Balance Sheets for Past Three Years
- Business Income Tax Returns for Past Three Years

➤ **Personal Income Tax Returns for Past Three Years**

Accounting and inventory systems should also be addressed in this section.

➤ **Key Questions**

- What type of accounting system will the business use?
- How much money does the business need for start-up?
- How will the money be spent? (working capital, debt retirement, capital expenditures, acquisitions, etc.)
- What will the sales and net income goals be for the coming year?
- What financial projections will be needed to include in the business plan?
- What kind of inventory control system will be used?
- Are the financial assumptions consistent with those of the marketing section and other parts of the business plan?
- Have you and your client prepared several financial projections to understand the impact of the various scenarios?
- How much capital does the business need, for what and over what period of time?
- What form of investment is the business seeking? What ROI will be expected?
- How does the business plan to finance further growth?
- What business and personal assets will be pledged as collateral?
- How will borrowed funds make the business more profitable?
- What are the short and long term financial strategies?

➤ **Writing Tips**

Complete this section only when you have completed the organizational and marketing sections of the plan, and include as much explanation as possible for the assumptions.

When preparing the financial projections it might be wise to avoid relying on packaged computer software, which allows you to plug in figures, and percentages into preset formats. No two businesses are alike and by individualizing the financial projections you will avoid errors. A set of financial statements has been included in this business planner and can be altered accordingly to accommodate any type of business.

APPENDICES

Depending upon the purpose, this section of the plan will contain all of the records that back up the statements and decisions made in the main parts of the business plan. Some of the more common documents included in this section are:

➤ **Personal resumes**

Include resumes for owners and management. A resume should be a one-page document.

Include: work history, educational background, professional affiliations and honors, and a focus on special skills relating to the company position.

➤ **Owners' financial statements**

A statement of personal assets and liabilities. For a new business owner, this will be part of the financial section.

➤ **Credit reports**

Business and personal from suppliers or wholesalers, credit bureaus, and banks.

➤ **Copies of leases, mortgages, purchase agreements, etc.**

All agreements currently in force between the company and a leasing agency, mortgage company or other agency.

➤ **Letters of reference**

Letters recommending your client as being a reputable and reliable businessperson worthy of being considered a good risk.

➤ **Contracts**

Include all business contracts, both completed and currently in force.

➤ **Other legal documents**

All legal papers pertaining to the business's legal structure, proprietary rights, insurance, limited partnership agreements, shipping contracts, etc.

➤ **Miscellaneous documents**

All other documents which have been mentioned in the body of the plan and if you and your client feel are important should be included in the appendices. Examples of these could include: location plans, demographics, competition analysis, advertising rate sheets, and cost analysis.

TEMPLATE OF A BUSINESS PLAN

BUSINESS PLAN SUMMARY

INDUSTRY AND ENVIRONMENTAL DESCRIPTION

Industry Profile

Community Profile

Community Benefits

BUSINESS DESCRIPTION

Business Overview

Goals and Objectives

Legalities

Location

PRODUCT/SERVICE DESCRIPTION

Product/Service

Pricing

Positioning

MANAGEMENT AND OWNERSHIP STRUCTURE

MARKETING PLAN

Summary of Marketing Strategy

Marketing Goals and Objectives

Market Analysis

- a. Target Market**
- b. Competition**
- c. Market Trends**

d. Market Research Results

Marketing Strategy
Revenue Projections

OPERATIONAL PLAN

Service Plan

Human Resource Plan

Aftercare Plan

Facility and Equipment Plan

Implementation Plan

FINANCIAL PLAN

APPENDICES