



BUSINESS PLAN GUIDELINE

This document is intended to be used as a guideline to create your business plan. It identifies and explains the questions that should be addressed and outlines the sections to include. The business plan should begin with a title page that includes your name as well as the name of the proposed business.

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EXECUTIVE SUMMARY

This is written last but placed first in the business plan. The Executive Summary should be no longer than 1 ½ pages. We recommend five paragraphs – each paragraph summarizes one of the sections below:

- Company profile: What product(s) or service(s) do you offer and what is their value (or what differentiates you)? Who are the owners and what expertise do they bring to the business (briefly)?
- Market research: What are the key findings about your industry and competitors? Who is your target audience?
- Marketing: How will you acquire clients and what strategy makes the most sense?
- Operations: What resources do you need to get off the ground?
- Finance: How much money do you need to start? How will it be used? What are your first year sales and expense expectations?

COMPANY PROFILE

In this section you describe your offering - the strengths of your product or service. You include how your company is set up, who the owners of the company are and what they bring to the table.

Business Overview – Products/service offered

Provide a full description of your product/service and its value. Why will people buy your product or service? What is the key benefit – your Unique Selling Point? It is best to focus on a single key benefit, as opposed to having many. Examples include: saves time; better quality; easier to use; convenient; minimizes risk; reduces pain; highly credible; socially responsible; increases enjoyment; low cost.

Company History

How did this idea first come about? Outline your progress to date – research and development, any sales to date, etc. Who are your current customers? What is the current status of your operation?

Vision and Mission

Vision is about the end result – your ideal position. How do you envision the company 5-10 years from now? How will your company be known? For example a vision statement for a tutoring company could be: *To be the benchmark for quality tutoring in the greater Ottawa area.*

The mission describes the fundamental purpose of your business. The mission focuses on the present, while your vision describes the future. Think of your mission as your guiding principle in dealing with your customers. For example: *Making tutoring fun and interesting for students.* This entrepreneur knows that, day-to-day, it is her mandate to ensure students are actually engaged in their own learning.

Management

Outline the key personnel in the company and any relevant experience/training they have that relates to the business. This shouldn't be written like a resume but in paragraph form. You may include: relevant work experience; education and training; industry contacts; life experience; projects worked on; passions; skills; achievements; awards; volunteer work.

Legal Structure

What is the business structure: sole proprietorship, partnership or incorporated? State any rationale for the structure. If there is a partnership or corporation, please state the ownership breakdown, shares issued etc.

Location

Where will you be located? Provide an address. Provide a rationale for the location. Discuss the rent, traffic and parking. What businesses are situated around you? For leased premises, most lenders will require either a letter of intent or a copy of the lease from the landlord.

Goals & Objectives

Goals and objectives must be SMART: Specific, Measurable, Attainable, Realistic and Timely. You can also include milestones you want to achieve such as introduce a second product, or purchase new equipment. Include any new major initiatives you have planned for the 2- 5 year timeframe including hiring new employees or expanding to a larger location.

The goal *Conduct extensive networking* isn't very specific or measurable. But by reworking it to *Attend at least 4 networking events each month* you'll know exactly what targets you have set for yourself. Other SMART goals and objectives are: Increase annual sales by 10%. Secure 20 new clients by December. Launch the website by year-end.

MARKET RESEARCH

In this section you take a closer look at how your industry works, who are the competitors and who are your best customers.

Industry Profile and Outlook

What business are you in? How does the industry work? Who are your key competitors? How is the industry evolving? What are the predictions for the future? Are they valid and how does this affect your business?

Local Market

What is the market you will serve initially? For example, if you are opening a store, your immediate market is likely within a certain kilometer radius from the location because customers are only willing to travel a certain distance. What is the geographic scope? How many customers are in that area?

Businesses that sell online may also need to target a key geographic area to start. In the SWOT analysis in the next page, make sure you compare all relevant companies in your location.

SWOT Analysis (Strengths, Weaknesses, Opportunities and Threats)

The SWOT analysis forces you to evaluate your competition so that you have a better understanding of where you should position your offerings.

Strengths: What strengths does this company have from a customer's point of view?

Weaknesses: What weaknesses do you observe? Avoid subjective statements such as *"they don't care about their customers"*. Be specific i.e. *"customer wait time exceeds 15 minutes"*.

Opportunities: What gaps can you identify in the offerings of the competition? For example, if your competitor doesn't offer same day service, you might consider offering same day service. In the example below, Zebra Tutoring identified a gap: *making learning exciting for students*, by exploring the competition.

Threats: What might the competition do to make it difficult for your business? What might happen in the industry (i.e. new legislation etc.)?

We recommend you assemble your SWOT analysis in chart form, including your own business and several (5-6) competitors. See sample SWOT analysis below for Zebra Tutoring (with one competitor listed):

Competitor	Strengths	Weaknesses	Opportunities	Threats
TOP Tutors	Good reputation Well established Online presence	\$145 diagnostic test required \$390 for 8 sessions	No fee diagnostics	May decide waive diagnostic fee Offer online tutoring
Zebra Tutoring	Familiar with local community	Will need to rent space	Make learning exciting for students	High schools may begin to offer in-school tutoring

Target Market

Describe your intended customers. Identifying a target market will help you develop a much more effective marketing strategy. In most cases, you should not plan to sell to just anyone and everyone. The aim is to find your best customers and to clearly describe them by their common traits, For your best customer, ideally you should list 8 -12 common traits such as:

- Demographics: Age; gender; income; education; nationality; occupation
- Lifestyle/Psychographics: Hobbies/interests, what they value most, leisure activities, what they like to buy

- Behaviour: What will “trigger” your customers to buy your product or service? What common behaviour patterns do your customers share?
- Scope: Where do your customers live and work? What is the geographic scope you want to cover?

Here is an example of a target market profile for **Zebra Tutoring**:

1. Parents with children in high school (demographics)
2. Students planning on attending university (lifestyle)
3. One or both parents holding a degree (demographics)
4. Family income: \$80,000+ (demographics)
5. Parents desiring that their children attend university (lifestyle)
6. Students needing help in essay writing (behaviour) One or both parents are concerned about their community (lifestyle)
7. Both parents and children are computer literate (demographics)
8. Parents feeling overwhelmed with demands placed on their time with increased competition for university admission (behaviour)
9. Located in Toronto’s Riverdale area (scope)

Determine who your best-paying customer is. This is often the person or group who values your product or services the most and is willing to pay for it, not necessarily the person that needs your services. Based on the profile determine the actual size of your target market.

A target market profile can be done for business-to-business clients:

- Industry or specialty
- Size of business (sales, # of employees, budget)
- Organizational culture
- Geographic location
- Decision makers

Here is an example for a target market for **Jessie’s Homemade Marmalade**, an organic marmalade and jam wholesaler:

- Small specialty grocery shops with \$400,000 - \$2M annual sales
- Health Food stores with 3 - 12 employees
- Decision maker: Owner or Purchasing manager
- Greater Winnipeg Area - predominantly in upscale neighborhoods or neighborhoods with a highly educated population.

MARKETING

In this section you determine how you will market to your target group. What is the most effective way to reach them? Specifically, for each marketing activity how will you reach your target, when, how often, how much will it cost and what exactly will you do? Marketing is about developing a consistent and detailed strategy.

Pricing Strategy

It is important to have a clear understanding of what your competitors are charging. In this section outline the basic fees or prices of your competition and what you plan to charge. Why? Give a rationale on your pricing. The pricing strategy needs to be in alignment with your positioning statement. In this section list your prices.

Marketing Strategy

List the overall direction of your marketing efforts. What are the most effective and methods to reach your best customers (target market)?

Examine your top 3-5 activities, prioritize them and list details on implementation.

- Primary Marketing Activity (the activity that will be the most effective)
- Secondary Marketing Activity (the activity that will be the next most effective)
- Supporting Marketing Activity (the activity that will be the next most effective).

For each key marketing activity answer these questions: How and where will this take place? How much will it cost and when will it be spent? What support materials will you need? What is the follow-up/measurement system? When will you do this and how often?

Below is a sample marketing strategy for Zebra Tutoring. The Primary, Secondary and Supporting Marketing Activities are broken out.

Example: Marketing Strategy for Zebra Tutoring

Face-to-face relationship building is critical to the success of the business. Marketing strategy will focus primarily on networking activities where parents of high school youth are likely to be in attendance (see Primary Marketing Activities detail). Zebra Tutoring's key strategy is to be an active member in the community (Riverdale area) and to be seen as an expert on engaging students with their own learning. A secondary strategy will be placing posters, with tear offs, in coffee shops, grocery stores and community centres in the area, a common practice for new tutoring businesses (see Secondary Marketing Activities Detail). In social media, Zebra Tutoring will initially focus on LinkedIn (since the target group are mainly professionals and executives) which is an effective way to reinforce connections made at a networking event.

Primary Marketing Activity

Zebra Tutoring's key marketing activity will be networking in the community (primarily Toronto's Riverdale community) including professional and informal networking groups and through larger community sponsored events such as the Sick Children's Relief Fund. Representatives will be professionally dressed yet casual at all times.

Networking events will include the Riverdale Share Community Association, Danforth Business Improvement Area, and Concerned Parents Association. The support materials on hand will be business cards and bookmarks. 1,000 book marks will be ordered for a cost of \$500. The idea is to be engaged with other parents but not do a "hard sell". If parents are interested they would be emailed an article titled "Engaging Students Today". This would be followed up 3-4 days later with an email or phone call. It is important that Zebra tutoring have an effective contact management system. The goal will be to network at least twice a week; three times in peak season (fall and spring). The weekly cost will range from \$20 to \$100 a week with the average being \$60/week.

Marketing Objectives

You should have specific, measurable goals for your marketing activities. These goals may be expressed in terms of monthly, quarterly or annual sales, clients, website hits, events executed, advertising impressions, readership, circulation etc. Remember, if you have already listed all goals and objectives under the Company Profile, then you will not need to list them here.

OPERATIONS

This section outlines what you need to have in place to fulfill orders and meet customer expectations once the sale is made.

Resource Management

Location

For physical locations, describe the location, any back-up locations, if appropriate, and the rationale for your choice(s). Provide the hours of operation. Most lenders will require a copy of the lease or a letter of intention from the landlord.

If your business is web-based, provide designs or prototypes, along with a rationale for the design and the key selling features of the website.

Initial Capital Expenditures

Opening inventory: For retail or wholesale businesses, list the amount of initial inventory you will need and the general margins/mark-ups of your product or service.

Major equipment purchases: What major equipment have you acquired/do you need to acquire and why is it important for your business?

Legal

Discuss any legal issues here such as licenses required, regulatory issues, contracts that have to be drawn up or zoning bylaws. Most lenders will expect you to have standard insurance coverage in addition to coverage that is specific to your industry.

Human Resources

Discuss your personnel requirements here. Will you need to hire employees, or will you subcontract work? Assess the cost and implications of your resource requirements. What experience do you require and how will you conduct training? Consider your deductions for payroll.

Process/ production

How will you fulfill the order once you get it? If you are manufacturing or assembling products, discuss capacity issues i.e. how many orders can you physically fulfill each day/month? You will need to do a supplier analysis if your key selling point is your suppliers. What are your lead times from suppliers? What will happen if you can't use them? Do you need point of sale equipment?

Risk Assessment

Discuss the potential risks in starting your business. The reader of your business plan needs to be convinced that you are considering the risks associated with your business, and that you have a plan to mitigate or minimize those risks wherever possible. Examine the following:

- Marketing - What factors would make it difficult to get customers and what will you do if they occur?
- Operations – What factors would make it difficult to fulfill orders and what is your back-up plan?
- Finance – What factors would make it difficult to sustain a positive cash flow and what are your alternatives?

FINANCE

In this section you will address your start-up costs, financing, sales forecasts and complete a month-by-month cash flow for two years. The cash flow helps you to see how and when cash will enter and leave your business.

Start-Up Costs/Financing

What are the costs associated with starting your business. How much will you contribute and what are the sources of the remainder? The following spreadsheet will give you an idea of the types of expenses you may encounter.

Item	Cost of Item	Totals
Lease - Leasehold Improvements		
First and last month's rent		
Building supplies		
Labour		
Legal fees to review lease		
General Start-up Costs		
Insurance		
Business License		
Office Supplies		
Office Furniture (desk, filing cabinet)		
Computer, printer, fax machine		
Marketing		
Website		
Legal fees to review contracts		
Inventory		
SUBTOTAL		
Cash		
Working capital		
TOTALS		

Sales Forecast

When projecting sales, it is important that you provide a rationale for your projections. Start by making some general assumptions, such as how much you'll charge, seasonal variations, major marketing initiatives. Then you provide a brief explanation of how these result in sales figures, on a month-by-month basis. This is crucial as it will force you to really think about the kinds of marketing activities you need to do to generate sales.

Example: Zebra Tutoring Sales Forecast

Key Assumptions

- No sales in the first month - extensive networking to drum up business
- Slowest months: Dec (holiday season) and July/Aug – summer vacations
- Average hourly rate: \$40 (increased to \$45 by the end of Year One)
- Each student, on average, will attend one tutoring session per week
- Each student, on average, will have 3 months of tutoring

Year One

September

\$0 launch of business –extensive networking (at least 3 x week)

Posters placed at 16 key strategic sites

October

\$640 Eager parents who want their son/daughter in tutoring immediately;
4 students x \$40 x 4 weeks
Continue with extensive networking (3 x a week)
Attend the local community fundraising event

Sales are a result of marketing activities and are usually subject to seasonal variations. The key is to set realistic estimates.

Cash Flow

A cash flow is both an overview and a detailed analysis of your business. It tells the story of what enters your bank account (through investment, loans and sales) and what leaves your bank account (in the form of expenses) on a month-by-month basis. Your cash flow statement should never show a negative number at the end of the month – a deficit must always be covered – by a line of credit, overdraft or other sources of cash.

MILESTONES

Milestones are scheduled events that indicate the completion of a project or specific deliverable. A Milestone Summary may include some or all of the following key dates and deliverables:

- Completion of marketing research or customer development phase (only acceptable in the first month)
- Business registered (only acceptable in the first month)
- Prototype made
- Launch of marketing/sales program, e.g., website launch, brochure printed, prospect lists compiled, social media campaign launch
- Marketing milestone reached, e.g., 1,000 "likes" on Facebook or 500 direct mail letters sent, participation in a local art market
- Production target met, e.g., 500 units manufactured
- Key partnership or vendor contract signed
- First sale
- Revenue target met
- Employee hired part-time
- Employee hired full-time
- Space rented or lease signed
- Additional funding secured

Note: The Milestone Summary for participants of the **Starter Company** program must include 6 milestones, one for each month of program participation.

APPENDICES

If there is supporting documentation that doesn't fit in any of the above categories, such as lease agreements, insurance, licenses, detailed survey results, shareholder agreements, articles of incorporation etc., create an Appendix section. The Appendix section should go at the end of your Business Plan.