

Business Plan Guide

Last updated: December 2022

# Checklist

Please include the following items with your business plan if you are applying for financing:

Breakdown of project costs

Two years of financial projections and supporting documentation

Resume(s) for each owner

Service contracts (if applicable)

Signed copy of lease agreement or “intent” to lease (if applicable)

Quotes (if applicable)

*We recommend that you have all applicable documents reviewed by your lawyer.*

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# Executive Summary

*Write this section last. It should be two pages or less in length. This section summarizes your business plan. After reading this section, the reader should have a clear understanding of your business.*

* What is your product or service?
* Who are your customers?
* What is your competitive advantage in the marketplace?
* List all owners and their relevant experience, training, and education
* What do you think the future holds for your business and your industry?
* Summarize at a high level your marketing plan and strategy.
* What are the projected start-up costs?
* If applying for a loan, state clearly how much you are requesting for financing,
* What that financing will be used for?
* The name(s) of the financial institution(s) that you are working with to finance your business.
* Your personal equity contribution amount.
* What are your sales and net income projections for the first year? How much of an increase in sales and net income do you foresee in years 2 and 3?
* Summarize your risk management plan.
  + If the business is unable to pay the loan payments (due to illness, injury, pandemic, low sales, etc.) how do you propose to make payments?

# Business Description

*Describe your business.*

* What will your business do?
* What is the legal and business structure (sole proprietorship, partnership, or corporation)?
* Where is the business located?
* What makes your location ideal for your business?
* Is it a home-based business or does it have a commercial location?
* What is the physical address of the business?
* What is the anticipated start date?

*Include any relevant background information.*

# Vision, Mission, and Goals

## Vision and Mission

*The vision is a statement about the business’s growth and potential.*

* What is your vision for the future of your business?

*The mission statement is a concise way to define your business strategy. It should be developed from the customer’s perspective. Mission statements are action items and you may have more than one. The mission statement section should answer three fundamental questions:*

* *What do we do?*
* *How do we do it?*
* *Who do we do it for?*
* What is your mission? *The vision and mission(s) should align to create your business’s future in an actionable way.*

## Goals and Objectives

*The vision and mission statements will drive your goals and objectives, both short-term and long-term.*

*Goals are destinations—where you want your business to be. Objectives are specific steps taken to reach your goals. The SMART goal-setting method is often used to ensure the goal is Specific, Measurable, Achievable, Realistic and Timely.*

* SMART short-term goals
* SMART long-term goals

#### Keys to Success

*These are the key factors that must be in place for your business to succeed. They can vary from business to business. For example: sell each unit at a profit; continue to reduce overhead costs; or develop new products while maintaining the high quality of existing products.*

* What are the key things that, if you do them well, will ensure your success as a business?

# Market Research and Analysis

*There are two kinds of market research: primary and secondary. Primary research is conducted on your own from direct sources, such as focus groups, interviews with potential customers, observations of the competition, and surveys. Secondary research is data that has already been collected by other sources, such as Industry Canada, neighbourhood profiles, specific industry sources, and suppliers.*

*NAICS codes are known as the North American Industry Classification System. You may search Industry Canada’s website for the NAICS code specifically for your business which enables you to find detailed information and benchmarking statistics.*

*In the marketing plan section, specify the sources of your research and include statistics, numbers, and factual information. The marketing plan will be the basis of the all-important sales projections.*

## Industry and Business Environment

### Description of the Industry

*Describe your industry*.

* How does your business fit into your industry?
* Is it a growth industry?
* What changes do you foresee in the industry, short term and long term?
* How will your company be poised to take advantage of them?
* What are the current and future trends in your industry?

*IBISWorld Reports can help with this research. Available at SK Start Up Institute.*

### Laws and Rules Applying to Your Industry

*Describe how your business could be affected by the following factors (note each industry is different and not all examples provided below may be applicable to your industry):*

* Political Factors (i.e. Government Policy, Changes in Government, Foreign Trade Policy, Tax Policy, Trade Restrictions)
* Economic Factors (i.e. Economic Growth, Exchange Rates, Interest Rates, Disposable Income, Unemployment Rates, Commodity Prices)
* Social Factors (i.e., Population Growth Rate, Age Distribution, Lifestyle Changes, Cultural Barriers)
* Technological Factors (i.e., How would your industry be affected by innovations in technology?)
* Environmental Factors (i.e., Weather, Environmental Policies, Sustainability Initiatives)
* Legal Factors (i.e., Employment Laws, Consumer Protection Laws, Copyright and Patent Laws, Health and Safety Laws)

### Barriers to Entry

*Is it hard to enter this industry? High barriers to entry can prevent new competitors from easily entering your industry. You will also need to overcome these barriers. Some typical barriers are:*

* *High capital costs*
* *High production costs*
* *High marketing costs*
* *Consumer acceptance and brand recognition*
* *Training and skills*
* *Unique technology and patents*
* *Shipping costs, tariff barriers and quotas*
* Identify if it is hard to enter your industry, what the barriers are, and how you will overcome these barriers.

## Competitors

*Who are your direct competitors? Direct competitors offer the same products and services as your business. Who are your indirect competitors? Indirect competitors offer different products and services that fulfill similar needs. Identify your competitors and complete the chart below. Other factors could include selection, reliability, stability, expertise, reputation, location, appearance, sales methods, credit policy, advertising, market share, and image. What factors are most important to your industry?*

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Factors** | **My Business** | **Competitor A** | **Competitor B** | **Competitor C** | **Competitor D** |
| **Products** |  |  |  |  |  |
| **Price** |  |  |  |  |  |
| **Quality** |  |  |  |  |  |
| **Service** |  |  |  |  |  |
| **Target Market** |  |  |  |  |  |
| **Strengths** |  |  |  |  |  |
| **Weaknesses** |  |  |  |  |  |
| **Social media/website** |  |  |  |  |  |
| **Other: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** |  |  |  |  |  |
| **Other: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** |  |  |  |  |  |

## SWOT Analysis

*The SWOT analysis identifies the strengths, weaknesses, opportunities, and threats of your business. Analyze your competitors and your own business using the SWOT Analysis tool. Refer to the table below to answer the following questions:*

***Strengths****: What are the strengths of your business? What advantages do you have? What will you do better than anyone else?*

***Weaknesses****: What are the shortcomings of your business? What are people in your market likely to see as a weakness? What factors will lose you sales?*

***Opportunities****: Where do you see an opportunity for you to fill a customer need? What is the competition not offering that you could? What are weaknesses of your competitors? Be specific. What trends are you aware of?*

***Threats****: What might the competition do to make it difficult for your business? What might happen in the industry that will affect your business? What are the strengths of your competitors?*

*Now, write a short paragraph stating your competitive advantages and disadvantages. Are there potential niche opportunities or gaps in the market for your business?*

|  |  |  |
| --- | --- | --- |
| **SWOT Analysis** | | |
|  | **Positive Factors** | **Negative Factors** |
| **Internal to the business** | **Strengths** examples:   * Human resources * Finances, cash flow * Operations/Management * Marketing/Brand * Customer service | **Weaknesses** examples:   * Human resources * Finances, cash flow * Operations/Management * Marketing/Brand * Customer service |
| **External to the business** | **Opportunities** examples:   * Competitor’s vulnerabilities * Market developments * Industry or lifestyle trends * Global influences * New markets * Seasonal, weather and fashion influences | **Threats** examples:   * Political * Economic factors * Environmental impact * New legislation * Competition |

## Target Market

### Segmenting

*Your product or service will appeal to certain markets. Market segments are broad groups of potential customers defined by certain variables. For example, if you have a women’s jewelry store, your segments might include middle or high-income women aged 25-40, women aged 40-55, women aged 55+, men aged 40-55 looking to purchase a gift, etc.*

*Market Variables for consumers:*

* *Demographics: Age, gender, income, education, nationality, occupation*
* *Lifestyle and Psychographics: Hobbies, interests, what they value most, leisure activities, what they like to buy.*
* *Behavior: What will "trigger" your customers to buy your product or service? What common behavior patterns do your customers share? Where do your customers live and work? What is the geographic scope you want to cover?*

*Market Variables for businesses:*

* *Industry, size of firm, location*
* What are your market segments?

### Targeting

*Then, decide which market segments you’ll target with the intention of promoting your product or service specifically to these groups. You can’t be everything to everyone. By identifying your target markets, you can develop an effective marketing strategy that appeals to your target market(s). Who will want or need your product? Who is most likely to buy your product? What segments are the largest or most attractive? Why? For example, you may decide that your target markets are high-income women aged 40-55 and 55+.*

* What are your target markets?

*Now, create a couple customer profiles who fit within your target market(s). You may have more than one type of customer. Your customer could be an individual known as a consumer or another business (business to business). Include a specific age instead of an age range or a customer living in a certain radius of your business or a customer earning a specific income. What are your customers’ buying habits?*

|  |  |  |  |
| --- | --- | --- | --- |
| ***Geographic*** | ***Demographic*** | ***Psychographic*** | ***Behavioural*** |
| *Grouping customers based on defined geographic boundaries* | *Grouping customers based on customer personal attributes* | *Grouping customers according to lifestyles* | *Grouping customers based on actual behaviour towards products and services* |
| *Example:*   * *Region* * *Country* * *Population*   *Climate* | *Example:*   * *Age* * *Gender* * *Ethnicity* * *Occupation* * *Income* * *Social class* * *Family size* * *Education* | *Example:*   * *Lifestyle* * *Personality* * *Values* * *Attitudes* * *Opinions* * *Interests* | *Example:*   * *Brand loyalty* * *Benefits sought* * *User status* * *Usage rates* * *Occasion* * *Readiness to buy* |
| *Best communication channel* | | | |
| *Key messages that resonate with them* | | | |
| *What challenges do you solve or opportunities you provide* | | | |

* Create 3 to 5 Customer Profiles considering the following information

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Profile 1** | **Profile 2** | **Profile 3** |
| **Geographic** |  |  |  |
| **Demographic** |  |  |  |
| **Psychographic** |  |  |  |
| **Behavioral** |  |  |  |
| **Best communication channel?** |  |  |  |
| **Key messages that resonate?** |  |  |  |
| **What challenges do you solve/opportunities/you provide?** |  |  |  |

## Market Potential and Market Share

*These numbers will be based on your market research and data. Contact your Business Advisor if you need assistance with this section.*

* Identify your market area (local, provincial, national, or international).
* What is the size of the geographical area and total population?
* What is the population of your target market? Is the market area expanding, decreasing or static?
* Assess the potential demand and estimate the potential sales in a one-year period*. For example, if you own a coffee shop and you are targeting nearby students: Total number of students x $ cups of coffee consumed per day x number school days = total available market.*

*Market potential is the entire size of the market for a specific product for a specific time. Market potential is measured in sales volume or sales value. For example, the market potential for all coffee shops in Saskatoon may be $10,000,000. This information can often be found in the CanEx Expenditures Summary that you can request from SK Start Up Institute. Market share is the percentage of sales in a given market for a business.*

* After you’ve completed your sales projections in the following Marketing Strategy section, calculate what percentage of the market you will have. *For example, if you know that your market potential is $10,000,000 and your sales projections are $100,000/year, then your market share would be 1%. Include an estimate of total market size, your market share and identification of your major competitor(s) and an estimate of their market share(s).*

# Marketing Strategy

## Positioning and Brand

*Positioning identifies ways in which your business differs from the competitors, what your brand is, and how you’ll appeal to your target market. How might your business position itself based upon your marketing characteristics? How does the position relate back to your target customer?*

*Brand is the complete set of associations you have when you hear and see the company name and product. Branding reflects who you are as a company, the personality and values, in daily actions. When someone sees or hears your business name, what is the first thing you want them to think? That’s your brand!*

* What makes your product or service unique?
* What is your competitive advantage?

## Marketing Mix

### Products and Services

* Describe your product or service.
* Do the products and/or services provide a competitive advantage over your competitors?
* How does it fit with your customer’s needs?
* What makes your product/service unique?

### Pricing

* What prices are you charging for your product or service?
* Do you have both a wholesale price (business to business) and a retail price (business to consumer)? What is your markup in each case?
* What is the breakeven point? How many products will you have to sell in the first year to cover all of your expenses? How many products will you have to sell per day and/or per hour?
* How often will each customer purchase products from you?
* How did you determine your pricing? Please explain. There are two key types of pricing strategies: cost-based and market-based.

*Cost-based pricing strategy takes into consideration production costs and a firm’s desire to make a profit. This pricing strategy considers the cost of the product and adds a “markup” to arrive at a final cost. Selling price = Seller’s costs + Profit.*

* What are the costs to make and/or buy the product or service?

*Competitive pricing sets a price based on what the competition charges.*

* How does the price compare with your competitors? If it is different than your competitors, why and what will the consequences be? What is the customer willing to pay?

### Place

* What makes the selected business location suitable for your business? For example, proximity to markets, suppliers, transportation, and labour should be considered.
* Are your premises owned or leased?
* Will renovations be required? If yes, what is the cost? Include cost estimate quotes in the appendix.
* An accepted offer to lease should be included in the appendix. The offer should be subject to the conditions you need to include and should be reviewed and approved by your lawyer.
* If a building is to be constructed or purchased, what will be the total cost of construction or purchase? Attach a plot plan, layout, building diagram and/or blueprints and the contractor's estimates if applicable.
* If you’re selling a product, where will your product be sold and where and how will it be displayed in store?
* What are your distribution channels?

### Promotion

* Identify the sales methods to acquire new business and grow existing business. Will you use direct sales such as personal selling and tradeshows? Will you use indirect sales methods such as email newsletters and social media? Will you be offering discounts, seasonal sales and how will it affect your profit?
* What after-sale services will you provide? Some examples are delivery, warranty, service contracts, support and refund policy. These are often considered the value-added component of your product or service which sets your business apart from your competitors.
* Define your customer service strategy, standards and procedures. Consider different types of advertising and promotion, costs, timing, target market, and desired results.
* How far out from your launch date will you begin promoting your business?

## Marketing Budget

*You should develop a marketing plan for an entire calendar year to address seasonality, budget, different types of media and the expected results. See Appendix B for a detailed schedule.*

#### Advertising

* What form of advertising will your customers respond to? How will you advertise? What are the costs, pros and cons of the various forms of advertising available to you?

#### Public Relations

* Is your business a good fit for social entrepreneurship activities? Are there opportunities for your business to create a ‘presence’ in your community and with industry organizations? Do you have a strategy in place to capitalize on this type of activity?

#### Personal Sales

* How much of your revenue will or can be generated through personal sales? Do you have sales training plans in place for yourself and staff? What is the cost?

#### Website and Online Strategy

* What are your plans for on-line or social media marketing?
* Will you have a website? How much will it cost?
* What about the other forms of social media such as Facebook, Twitter, Pinterest and LinkedIn? Ensure the costs are included in both the start-up costs and monthly expenses.

#### Summarize

|  |  |  |
| --- | --- | --- |
| **Item** | **Will you use this promotional strategy?** | **Describe** |
| **Grand Opening** |  |  |
| **Business Cards** |  |  |
| **Signage** |  |  |
| **Print Ads** |  |  |
| **Radio Ads** |  |  |
| **TV Ads** |  |  |
| **Outdoor Ads** |  |  |
| **Direct Mail** |  |  |
| **Press Releases** |  |  |
| **Website** |  |  |
| **Facebook** |  |  |
| **LinkedIn** |  |  |
| **Twitter** |  |  |
| **Instagram** |  |  |
| **Blog** |  |  |
| **SEO** |  |  |
| **Email** |  |  |
| **Networking** |  |  |
| **Tradeshows** |  |  |
| **Other Events** |  |  |
| **Customer Loyalty** |  |  |
| **Public Relations** |  |  |
| **After-sale services** |  |  |
| **Other** |  |  |
| **Other** |  |  |
| **Other** |  |  |
| **Other** |  |  |

## Sales Projections

*Explain your sales projections. You market research and analysis should provide the rationale for your underlying assumptions. You must have a fairly good idea of what your sales will be for you to know if you can cover your expenses.*

*What is forecasting? It is actually “good guessing” based on concrete data gathered in your market research.*

* Complete the table below to show you sales projections.
* What assumptions will you be using to compute your monthly sales forecast?
* How are you calculating your sales?
  + *There are two methods of forecasting you can use –* ***Bottom Up****, and* ***Top Down****. See Appendix A for a step-by-step guide.*
  + *It is recommended that you utilize both methods. Once the values are determined by each method, compare the results. The accuracy of your projections is reflected in the closeness of the two values. If there is a large difference between the values, rework your calculations for each method and rethink your assumptions. If values are still way off, go back and re-evaluate your market research data and your analysis of it. Do your assumptions make sense based on the data found?*

*These numbers will come from your cash flow projections. This is the full year projected* ***revenue*** *for year 1 and 2 not the projected profit.*

|  |  |  |
| --- | --- | --- |
| **Revenues** | **Year 1** | **Year 2** |
| **Total Revenue** | **$** | **$** |

# Operations Plan

## Systems and Processes

### Hours of Operation

* What are the hours of operation for the business? Consider the seasonality of the business and how it will affect sales on a monthly basis.

### Capacity

* What is your maximum capacity? For example, how many classes can you teach per day, how many products can you produce per day, or how many products can you sell per day, considering time and space constraints.

## Legal

* Describe the licenses, permits and bonding requirements needed in the business.
* Does the business require contracts for services?
* What special health, workplace and environmental regulations must your business comply with? Are there special regulations required for your industry or profession?
* Are there zoning or building code requirements? What type of insurance coverages are needed?
* Does the business require trademarks, copyrights, or patents? Are they pending, existing or purchased?

### Bookkeeping

* How will you manage your record keeping?
* Will you be hiring a bookkeeper or are you experienced yourself?
* What is the name of your bookkeeper?
* Who will set up the Chart of Accounts?
* What bookkeeping software package will be used in the business?

### Payroll

If the business requires employees, then payroll must be completed.

* How will the payroll function be managed?

### Credit Policies

* Do you plan to sell on credit?
* Do you really need to sell on credit? Is it customary in your industry and expected by your clientele? If yes, what policies will you have about who gets credit and how much?
* How will you check the creditworthiness of new applicants?
* What terms will you offer your customers; that is, how much credit and when is payment due?
* Will you offer prompt payment discounts? (Hint: Do this only if it is usual and customary in your industry.)
* How will you collect overdue accounts? If you extend credit, be sure to budget for bad debts in your financial projections.

### Accounts Receivable/Payable

*If you extend credit, you should do an aging of your accounts receivable at least monthly to track how much of your money is tied up in credit and to alert you to slow payment problems.*

*You should also age your accounts payable—what you owe to your suppliers. This helps you plan whom to pay and when. Paying too early depletes your cash but paying late can cost you valuable discounts and can damage your credit. (Hint: If you know you will be late making a payment, call the creditor before the due date.)*

* What are your suppliers’ credit policies? Will they extend credit and for how long?
* Is there a gap between when you need to pay your suppliers and when your customers will pay you? If so, how much cash will you need on hand to cover this gap? Be sure to budget for your cash-on-hand requirements in your financial projections.

## Equipment, Materials and Supplies

* What equipment is required for your business? Include a list of equipment and prices.
* Do you need a point-of-sale system for your business? What type of system and what is the cost?
* Who are your suppliers? Why did you choose these suppliers?
* Identify key suppliers and include:
* Names and addresses
* Type and amount of inventory furnished
* Credit and delivery policies
* History and reliability
* Do you have alternate suppliers arranged?
* Should you have more than one supplier for critical items (as a backup)?
* Do you expect shortages or short-term delivery problems?
* Are supply costs steady or fluctuating? If fluctuating, how would you deal with changing costs?

### Inventory Control and Management

* What kind of inventory will you keep: raw materials, supplies, finished goods?
* What will be your average value in stock at a given time (i.e., what is your inventory investment)?
* What is your rate of turnover and how does this compare to the industry average?
* How will you manage seasonality (if applicable)? Will you need seasonal buildups?
* What lead-time do you need for ordering? Where will you store your inventory?

### Cost of Goods Sold

*Cost of Goods Sold (COGS) includes all costs directly attributable to the production of your goods or services. This includes the cost of materials for products or services. This does not include indirect expenses such as lease expense or marketing. You may have a different COGS for different products or service lines.*

*These numbers will be used for your cash flow projections.*

* Calculate your total **COGS** for each product or service as applicable to your business. *If your COGS per unit is $5 and you project that you’ll sell 100 units, your total COGS is $500.*

*A table like that can used to calculate your COGS for each product or service as applicable to your business.*

|  |  |
| --- | --- |
| **Cost of Goods Sold Product/Service** | **Cost** |
| Item 1 | $ |
| Item 2 | $ |
| Item 3 | $ |
| Item 4 | $ |
| **Total Cost per Product/Service** | **$** |

* Calculate your **Gross Profit Margin** for each year *(Revenue-COGS)/Revenue = Gross profit margin*

*These numbers will come from your cash flow projections and Table X.*

|  |  |  |
| --- | --- | --- |
| **Cost of Goods Sold Product/Service** | **Year 1** | **Year 2** |
| Total Revenue | $ | $ |
| Total COGS | $ | $ |
| **Profit** | $ | $ |
| **Gross Profit Margin** | **$** | **$** |

How does your gross profit margin compare to the industry average? (You can often find this in the IBISWorld Report.)

# Risk Management

* Identify risks associated with the business that may arise.
* What is the action plan to mitigate the risks identified?
* Address your plans for the ‘worst case scenario”. If you are unable to personally and financially operate your business on a daily basis, what are the backup plans?
* Identify your exit strategy. When do you plan on selling your business? Do you foresee a family member taking over the business?

# Human Resources

* Will you have employees? If yes, then specify the number of employees and their individual employment status, rate of pay and number of hours worked.
* Do you have recruitment and retention plans,
* What are the salary levels, do you have a salary grid
* What are the job duties and responsibilities for each position.
* Create or describe your organizational chart/hierarchy. Who will each employee report to?
* Include a detailed staffing schedule to show the coverage of labour. As well, you will need to create an employee policy manual.
* Do the employees require training? How will you ensure the employees are properly trained?
* You also need to be aware of the documents required for a personnel file for each employee. Do you have the skills and/or resources to create these? If not, where will you find assistance?
* Do you understand and know the employer’s obligation to fulfill the Labour Standards Act?
* Outline your total wage expenses below. Will you pay yourself a wage? *Typically wages paid to the owners is recorded in “owners draw” instead of salaries. Employment expenses can include EI, CPP, Health Benefits, Parking, etc, The cash flow estimates 15% which includes EI, and CPP so you may want to add more if you offer more.*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Employees** | **Hours of work per month** | **Hourly Wage** | **Employment Expenses** | **Total Wage Expense Per Month** |
| Employee 1 |  | $ | $ | $ |
| Employee 2 |  | $ | $ | $ |
| Employee 3 |  | $ | $ | $ |
| Employee 4 |  | $ | $ | $ |
| Owners Draw |  |  | $ | $ |
| **Total Wage Expense Per Month** |  |  | $ | $ |

# Ownership and Management

*Briefly outline the experience and expertise of your management team with special emphasis on managerial and/or industry knowledge and experience. Include education and training relevant to the industry. Explain the duties and responsibilities of the owners and management. Use can use an engagement letter when you are securing these services.*

* Include resumes of the principle owners and key management personnel in your appendix.

## List your professional and advisory supports

* Board of directors
* Management advisory board
* Attorney
* Accountant
* Insurance agent
* Banker
* Consultants
* Mentors and key advisors

# Financial Plan

## Start-up Costs

|  |  |  |  |
| --- | --- | --- | --- |
| Use of Funds | Amount | Fund Sources | Amount |
| Land Cost | $ | Applicant’s Contribution (Equity) | |
| Building Cost | $ | Cash Equity | $ |
| Leasehold Improvements | $ | Contributed Assets Equity | $ |
| Equipment/Furniture | $ | Other | $ |
| Vehicle | $ | Financing (Debt) | |
| Inventory | $ | Bank Loan | $ |
| Other Assets | $ | WESK Loan Proposed | $ |
| Accounting/Legal | $ | Agency | $ |
| Marketing | $ | Other | $ |
| Operations\*\*\*: | $ | Other | $ |
| Payout Existing WESK Debt | $ | Other |  |
| Lending and Membership Fees | $ |  | |
| Contingency\* | $ |
| Other | $ |
| **Total Project Cost\*\*** | **$** | **Total Project Cost\*\*** | **$** |

\*A contingency is used in construction projects or renovations. Although this is supported by written quote, delays or increased material prices can affect your quote. A contingency is usually 10-15% of construction costs. You may want to add something here for a slush fund especially if resources are limited.

\*\*The numbers under each Total Project Cost should be the same.

\*\*\*Operations may include 1-3 months of rent, salary, utilities, insurance.

### Breakdown of Fund Sources

#### Term of Loan

What time period are you requesting/planning to finance your loans?

|  |  |  |
| --- | --- | --- |
| Source of Loan | Loan Amount | Term of Loan |
| WESK | $ |  |
| Bank (Please Specify): \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | $ |  |
| Other (Please Specify): \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | $ |  |

#### 

#### Contributed Assets

Identify your early commitment to your business. If you have assets that you are contributing, list them here.

|  |  |
| --- | --- |
| Contributed Assets | Cost |
|  | $ |
|  | $ |

## Projected Financial Statements

* Complete the Cash Flow excel document.

# Appendix A

## Bottom Up Method

*For example,*

|  |  |  |
| --- | --- | --- |
| **1.** | Number of people passing the location per day. (Observe the people passing by to obtain this info. Try different times of the day to determine an average.) Number of “Views” |  |
| **2.** | Number of people who enter the business/ Number of “Clicks” |  |
| **3.** | Estimated percentage of those people entering the business who make a purchase |  |
| **4.** | Multiply Line 2 by Line 3 to find:  **Potential Buyers Per Day** |  |
| **5.** | Average purchase per visit. (Ask in a customer survey or find out from competitors.) |  |
| **6.** | Multiply Line 4 by Line 5 to determine:  **Average Daily Sales** |  |
| **7.** | How many days per year will you be open? |  |
| **8.** | Multiply Line 6 by Line 7 to determine:  **Projected Total Annual Sales** |  |

## Top Down Method

*For example,*

|  |  |  |
| --- | --- | --- |
| **1.** | Estimate the number of people or families in your market area. |  |
| **2.** | Identify the percentage of market survey respondents who indicated they do or would use a business such as yours. Or use your market research to estimate. |  |
| **3.** | Multiply Line 1 by Line 2 to find:  **Estimated Market** |  |
| **4.** | Number of times per year the respondents say they would use this type of business. Or use your market research to estimate. |  |
| **5.** | Multiply Line 3 by Line 4 to find the:  **Number of Potential Sales per Year** |  |
| **6.** | Amount per average sale. (Ask in a survey or find out from competitors.) |  |
| **7.** | Multiply Line 5 by Line 6 to find:  **Potential Total Market (in dollars)** |  |
| **8.** | The number of existing competitors plus one (you). |  |
| **9.** | Divide Line 7 by Line 8 to find:  **One Full Market Share** |  |
| **10.** | What percentage of One Full Market Share do you expect to gain in your first year? |  |
| **11.** | Multiply Line 9 by Line 10 to find:  **Projected Annual Sales** |  |

*Below are additional factors to consider when determining your sales projections.*

|  |  |
| --- | --- |
| *Internal Factors:* | *External Factors:* |
| * *Production capability/capacity* * *Personnel* * *Marketing* * *Working capital* * *Pricing strategies* * *Inventory Management* | * *Competition* * *Market Demand, Seasonality* * *Economy* * *Emerging Trends* * *Developing Issues* * *Possible Opportunities and Threats* |

# Appendix B

## Marketing Budget

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Type** | **Month** | | | | | | | | | | | | |
| Pre-Opening | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| **Grand Opening** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Business Cards** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Signage** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Print Ads** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Radio Ads** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **TV Ads** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Outdoor Ads** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Direct Mail** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Press Releases** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Website** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Facebook** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **LinkedIn** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Twitter** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Instagram** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Blog** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **SEO** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Email** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Networking** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Tradeshows** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Other Events** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Customer Loyalty** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Public Relations** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **After-sale services** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Other** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Other** |  |  |  |  |  |  |  |  |  |  |  |  |  |

# Appendix C

*Attach all supporting information used in the development of your business plan.*

## Resumes

## Equipment List

## Quotes

## Agreements