

The Business Plan

Business Ed 9-11

Why do a Business Plan?

- Your own thinking process is solidified through the planning process.
- It is **required by your bank**.
- Your plan will provide you with guideposts in running your business.

Do's

- Keep it under 20 pages
- Use bullets and numbered lists as much as possible
- Use graphs, diagrams and photos to illustrate points.
- Have a neutral 3rd party read your plan
- Include a title page, table of contents and page numbers.

Avoid

- Big words and long sentences.
- Technical words and unnecessary jargon
- Acronyms and initials to express words

I. Executive Summary (Introduction)

The purpose of the executive summary is to get the readers attention by summarizing the key elements of the business plan. It must be **short**, **to the point** and very **well written**.

a) Business Concept

- Describe **what your business does** in general terms.
- Describe **what differentiates your business from others**.
- Briefly describe your **business history** if applicable.
- Provide any **other information that will excite the reader** about your business.

b) Plan Objectives (Key Goals)

- Set SMART Goals (Specific, Measureable, Attainable, Realistic, Time Based)
- Tell the reader what you want (i.e. a business loan for a specific amount to purchase equipment.)
- State your sales, production and profit goals.
- If this is for a bank loan, comment on goals such as anticipated time to positive cash flow and the ability to service debt. (Note you cannot complete this section until the rest of the plan is complete.)

c) Management/ Ownership

- Describe the technical qualifications of each principal in this enterprise.
- Describe the business qualifications of each principal in this enterprise.
- Tell the reader your business structure (i.e. proprietorship, partnership, and incorporation.)
- Provide a fact sheet with contact information such as name, address, telephone, e-mail etc.

2. Product/Services

The purpose of the product / service section is to detail exactly what your business does for the customer and what makes these offerings desirable to the customer.

AI. Key Products (Goods Business)

- Describe each product you sell. This is your product mix.
- If you cannot list each product, break the business down into logical categories.
- Describe the key product features, and how your products are different from those of your competition. (Functionality, durability, ease of use etc.)
- Describe product protection such as patents, copyrights and trademarks.

A2) Key Products (Service Business)

- Describe each type of service you offer. (Be specific)
- Describe the service features in terms important to the customer.
- Describe any service protection such as copyrights or trademarks.

B) Product Risk

If there are any risks associated with your product or service such as product liability, professional liability, or ease of duplication by competition, state them and show how you will avoid these risks.

3. Industry and Market Research

The purpose of the Industry & Market Research section is to prove that the market is large enough, in your area, given the competition to support the survival and growth of your business.

A) Industry Research - Part I

- Describe your industry. The less well known the industry, the more description necessary.
- Describe the state of the industry. Is it a new industry, growth industry, competitive industry, or a stable mature industry?
- Document industry trends on a world or national size. Sales, number of customers, number of units sold, trends in related industries are all good industry indicators.

A) Industry Research - Part 2

- Describe the key customers for your specific industry.
- Provide other national / international economic indicators that encourage the health of your industry.
- Examine risks to the entire industry caused by legislation, technological change or any threat to the industry as a whole.

B) Target Market

The Target Market is the groupings of consumers or businesses most likely to purchase your products or services. The first group you plan to target is your Primary Target Market; the second is your Secondary Target Market. It is very important that you understand your target market – after all these are the customers you need to keep happy!

C) Competitive Analysis - Part 2

- List the direct competitors in your local market. These are firms who offer exactly what you offer. List the current number and the number in existence for the past three-year period.
- List the indirect competitors in your local market. These are firms who offer substitute products.
- Analyse any competitors who have gone out of business in the past and if possible why.

C) Competitive Analysis - Part 2

- Explain how your firm will compete with these competitors to prove how you can survive in their markets.
- Examine risks that could occur when you enter the market. For example what if your key competitor cuts their price when you open your business?
- Show how your products / services or how your company is different from your competition. (This is called positioning your product.)

4. Marketing

The purpose of the Marketing section is to demonstrate how you plan to tap your market. This includes pricing, distribution, sales and promotional strategies.

A) Price Strategy

- What are your prices for different products and services?
- How did you arrive at those prices? (Charge going rate, industry standard mark-up etc.)
- Do you have any “price packages”?
- What is your price image? (Bargain, middle of the road, high end) Is this consistent with your target market?
- How do your prices compare with your competition?
- Have you accounted for mark-downs and off price promotions?

B) Physical Distribution

- Direct Distribution – selling directly from producer / provider to the customer.
- Wholesale Distribution – selling to a retailer who sells to the customer.
- Brokers or Agents – using a third party to sell the product – usually on a commission basis. This can be done for goods (Manufacturers Agents) or for services (Speaker's Bureau).
- Hybrid Distribution – Using more than one of the above.
- Internet Sales – See Internet Strategies Section.

C) Location

- Neighbourhood Location (use map). Traffic counts and supporting information such as population radius is helpful.
- Site Location – place in mall or centre, or city block. Show the other tenants and access / egress for parking if applicable.
- Facility Location – including a diagram of the business layout.
- Signage both inside and outside the business.
- Check for location risks. A median placed in the middle of your road will cut off access to your business. Check with your city-planning department before signing a lease.

D) Promotion

3 main areas

1. Advertising Plan
2. Public Relations Plan
3. Personal Selling Plan

I. Advertising Plan

- Provide a list of the media you plan to use. You may include newspapers, magazines, radio, television, direct mail or Internet advertising.
- Develop a monthly advertising schedule with planned budgeted amounts.
- If you have written any ads or brochures, include them as appendices to the business plan.

2. Public Relations Plan

- Include media sources you plan to use to promote your business.
- Include press releases in the appendices to the business plan.
- If you are using a Public Relations firm indicate the name of the firm in this section.

3. Personal Selling Plan

- Describe how you will prospect and find new customers.
- Describe how you will fulfil these prospects with information.
- If you have letters of agreement, contracts or other sales tools, it is sometimes advisable to include them as appendices to the business plan.

E. Internet

- Information Gathering – This includes the information provided to the consumer about your business, products and services.
- Communication – This includes more specific forms of two-way communications such as customer service and feed back mechanisms.
- Entertainment – This is the multimedia aspect approach to your site. This includes animation, sound clips and video clips.
- Transactions – This is the ability to actually order and pay for products over the Internet.