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Business Plan Guide

Summary

This outline is intended to assist an entrepreneur in writing a business plan for the establishment, the purchase or the expansion of an existing business. An online business plan template can be found on our website at: www.cfpeacecountry.com.

What is a Business Plan?

A business plan is a recognized management tool used by successful and/or prospective businesses of all sizes to document business objectives and to propose how these objectives will be attained within a specific period of time. It is a written

document which describes who you are, what you plan to achieve, where your business will be located, when you expect to get under way, and how you will overcome the risks involved and provide the returns anticipated.

Why Do You Need a Business Plan?

A business plan will provide information of your proposed venture to lenders, investors, and suppliers to demonstrate how you plan to use their money, and to establish a basis for credibility of your project.

When Should a Business Plan be Prepared?

The sooner you develop your business plan, the better. You will find that the final copy of your business plan may differ from the original draft, as you will be updating, revising and refining it as you go. It is important that you examine all the relevant factors now. Therefore, you will be able to anticipate any surprises after your business has opened its doors.

Who Should Prepare a Business Plan?

The business plan should be prepared by those persons who will be implementing it. Outside assistance from consultants, accountants, bookkeepers, and experienced business people can definitely help, but *you* must draft the initial plan.

- Think through each element of your business plan thoroughly so you have a good understanding of the overall picture and all of the details.

- Present your plan to others for constructive criticism and advice, and try to profit from their experience. Modify your plan if necessary.

What's in this for me?

If you have never drawn up a business plan before, you may be curious as to what the benefits are for you. First and most important, your plan gives you a guide to follow. Second, it gives your lending agency insight into your business opportunity therefore, positively affects your loan application. Finally, your plan may help you develop as a manager by giving you practice in thinking about competitive conditions, promotional opportunities, sources of finance, etc. Your goal is to put the plan into action.

1. Executive Summary

Briefly describe:

- If this is a new business venture, expansion of an existing business or the purchase of an existing business;
- The type of business activity in which you are engaged (manufacturing, wholesale, retail, food processing, service, high technology, etc.);
- Your product or service and its uniqueness;
- The market to be served;
- Your advantage over the competition;
- The main objectives of your organization;
- Your management background;
- The project time frames involved.

(This should be no more than a one page summary of your business plan.)

2. Business Description

Describe what form of business structure you have chosen:

- Sole proprietorship;
- Partnership (enclose agreement);
- Corporation (enclose shareholders agreement);
- Co-operative (enclose membership agreement).

Include:

- Date the business was registered/incorporated;
- The business name and address;

- The business phone number;
- The principal(s) name(s) and telephone number(s);
- The percentage of business or number of shares held by each (in partnership or corporation);
- The website address and relevant email address.

3. **Product/Service**

- Describe the products to be produced or the services/good to be provided.
- What makes your product/service unique, or, how is your business different from others in the industry?
- What are the features/advantages that will entice customers to buy from you? (*i.e. – convenience, service, performance*)
- Will you offer any product or service guarantees/warranties?
- Provide information on any patents, trade secrets, or other technical advantages over the competition.

4. **Marketing**

- Identify the total market for your product or service.
- To whom are you targeting your product or service?
- Identify your competition detailing their strengths and weaknesses and your opportunities and threats relative to them.
- How will your competition react to you entering the market?
- What are your past sales (if applicable) and future projections?
- What price (manufacture, wholesale, retail, etc.) do you intend to charge for you product/service and how does it compare to the competition?
- What are your selling terms (cash or credit)?
- Identify promotional campaigns that will be used.

5. **Operating Requirements**

- Identify your facility requirements as to the size, location, and type of premises. Include drawings of the proposed building layout. Attach the most recent real estate appraisal, offers to purchase or lease agreement, supplier quotations, etc.
- Indicate why you have selected this location.
- Provide details relating to special requirements as to water, power, compressed air, ventilation, heat, air conditioning, drainage, disposal, Department of Health requirements, etc. Attach most recent approvals from Public Health, Liquor Licensing,

City zoning, etc.

- Provide a detailed listing (including legal descriptions) of the land and building(s), leasehold improvements, equipment and furniture, vehicles, inventory and other assets. The listing should include the proposed purchase price of each asset.
- Provide a general description of the day-to-day operations of the business (include hours of business, days open, seasonality of business, suppliers and their credit terms, etc.).
- Provide product/manufactured cost estimates (if applicable).

6. **Management**

- What is the proposed organization chart of the company? (i.e. – who does what)
- Include a brief job description for each position.
- Provide brief management biographies of the key personnel (include their ages and backgrounds in this type of business).
- State the compensation package (salary, bonus, profit sharing, etc.) for each member of management.

7. **Personnel**

- List employees (not owner or manager) using the following headings:
 - Position: full-time, part-time, seasonal, temporary;
 - Method of payment: hourly, monthly, commission, etc.
- Provide a job description for each position, identifying the responsibilities and duties involved. *Include what skill level is needed.*
 - If job training is required, identify the duration and the cost of the training.

8. **Business References**

Identify your:

- Accountant, Banker
- Insurance Company
- Lawyer

9. **Financial Projections**

Provide a projected (pro-forma) three year cash flow, balance sheet and profit or loss statement.

10. **Additional Information**

It is common for a financial institution to request that the principal(s) submit, with a loan application, a statement of personal net worth. This form is usually provided by the financial institution. If applicable, historical financial statements on the business venture may also be requested. Other supplementary and supporting documents for your business plan should be included in appendices.

For further assistance, please call the Community Futures office in Peace River at 780.624.1161 and speak to our Business Analyst, Deb Kalyn.