

# ***BUSINESS***

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# ***PLAN***

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## ***BASIC VERSION***

Prepared by

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## **WHY SHOULD I DO A BUSINESS PLAN?**

- **Financing proposal**
- **Growth plan**
- **Preparation and reaction to slow periods. Cash flow shortages can be planned for before a crisis develops**
- **Planning provides guide to future success**
- **Better communication**
- **Provides more timely notice to identify when changes are required**
- **Less stress, urgencies and more peace of mind**

## **WHY DO BUSINESSES FAIL?**

### **Fact**

**33% of all new business will fail within their first six months of operations**

**50% will fail within first two years**

**75% will fail within first three years**

### **Primary reasons**

- **No business plan**
- **Failure to establish clear and concise goals and objectives**

- **Inadequate financing**
- **Trying to expand too quickly**
- **Lack of proper control on expenses**
- **Lack of attention to accounts receivable, inventory and cash flows**

## **GUIDELINES FOR PREPARING A GOOD BUSINESS PLAN**

- Limit the plan size
- Define your objectives for producing the business plan
- Make it thorough but keep it simple - avoid using jargon or technical terminology
- Keep it professional, not extravagant or fancy
- Be realistic in your goals and objectives, results, growth potential, etc.
- Write your own business plan
- Show your business plan to various people including people associated with the business for feedback
- Assumptions do not equate projections, if you make an assumption, record it and be realistic
- Do not hide the risks, negatives, pitfalls of the venture, present them professionally and find solutions and ways of dealing with these problems should they arise, before they arise
- Outline the key points you want to make in each section before you start writing
- Do the Executive Summary last - it can be the most important section because people will read it first and it may be the only section they read. The Executive Summary should highlight what is important in your plan, and it should get the reader excited about your business.

# Writing a business Plan

Business plans come in many shapes and sizes. Some sections which are common to most business plans include:

**Executive summary:** A one or two page introduction to summarize key points of the business. You also want to capture the reader's immediate attention.

**Company history:** Outline your company's history, products and services and accomplishments. Describe the corporate structure of the business.

**Mission:** Should describe what you do, for whom, and why and what you see your firm doing down the road. What are the key priorities in your organization, for example teamwork, integrity and customer focus.

**Key business activities:** Details on what your company sells or the services you offer. Give an overview of the industry in which the business will compete.

**Products and services:** Describe your product or service to be provided, the advantages of your products and why customers will choose you over others.

**Management:** Explain the function of the key players, their skills and job experience and how they help the business succeed.

**Sales and marketing:** Details your sales projections, pricing schemes and distribution methods, customer analysis and marketing/advertising plan.

**Operating plan:** Outlines the facilities, resources and processes you use to run your business such as premises, equipment, technology, suppliers, advisors

**Human resources:** Describe management and staff, their duties and responsibilities. Mention your compensation and benefits costs. Describe resources required - skills, equipment and staff.

**Financial plan:** This section is of most interest to potential investors. It should include present and previous (2-3 years) financial statements. Also consider projected financial statements and cash flows. Determine financing requirements and alternative to financing and start up costs.

# Business plan outline

## Cover Page

Company name: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_ E-mail address: \_\_\_\_\_

Contact person: \_\_\_\_\_

Contact person phone number: \_\_\_\_\_

Date: \_\_\_\_\_

## Executive Summary

### Briefly describe:

Type of business: new \_\_\_  
existing \_\_\_

If existing give a brief overview of your progress to date. Include achievements such as patents, prototypes, contracts, market research indicating that the business is viable:

Industry sector: retail \_\_\_  
manufacturing \_\_\_  
wholesale \_\_\_  
other \_\_\_\_\_

Legal structure of company: sole proprietorship \_\_\_  
partnership \_\_\_  
incorporated company \_\_\_

Describe your products and/or service and its uniqueness, the market to be served, how you will market your products and/or services and your advantage or differentiation over the competition

Who is involved in the venture? Briefly summarize your management team's experience and credentials:

Outline the amount of funding you will require (if any) and how you will use it:

How much money has the founder (s) invested in the business to date and how has this money been spent:

Discuss the goals and objectives of your organization. Summarize your projected financial performance. Include projected gross revenues and net profits in the first year of business: (if applicable)

Do you intend to draw a salary from the business in the beginning? If not, how will you support yourself? If so, how much?

## **History**

Give background information about the business and the product and/or how they evolved:

Business structure: date business was registered\incorporated \_\_\_\_\_

The principals\owners: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Percentage or number of shares held by each (for incorporated companies):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## **Mission Statement**

What is your fundamental or primary business, for whom and why:

What are the key priorities for your business-eg: teamwork, integrity, customer focus...

Outline the direction of growth for this business:

## **Products and Services**

Describe your product and/or service to be provided:

Describe advantages of your products. How do they differ from those already in existence and why will a customer choose yours over others (your niche, passions & skills):

Will you offer any guarantees/warranties on products or services:

Provide information on any patents, trade secrets, or other technical advantages over the competition:

## **Management, Ownership and Organization**

List the key players, their skills and job experience: (include an organizational chart)

Duties and responsibilities of key personnel:

Describe compensation package for yourself and the management team (salary, benefits, profit sharing...)

Summarize important employee regulations and policies:

Resources required—staff, skills, equipment, etc:

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List key company's outside advisors (accountants, lawyers, associates, etc):

## **Sales and Marketing**

What is your target market? Identify geographic location, economics trends and customer demographics (age, gender, income, etc):

Sales strategies: eg-website, sales staff, commission agents, other companies that will carry your product...

Advertising/marketing methods: eg-media, brochures, direct mail, trade shows...

Pricing scheme: how will you price your product\service? For eg. base price and how you arrived at that figure, how will your price compete with market prices, what do your costs include...

Distribution method: how will you get product to customer? eg-by mail, courier, through a wholesaler or retailer, etc

Competitors - information on their weaknesses and strengths. How do you intend to improve on what they are doing:

### **e-Business (if applicable)**

How will you be using the internet to market your business – website, email...

How will you target your online customers:

What products or service you will offer online:

Your online pricing structure and how you will deliver your products or services:

What will be required in terms of investment, time, and staffing:

## **Operating Plan**

Facilities or premises required to run your business:

Resources and processes used to run your business: eg- buildings, equipment, technology, suppliers, advisors....

## **Objectives and Goals**

Draft a plan for strategic marketing:

- what type of audience you will target for future expansion:

- what methods you will use to reach your target audience:

Define the areas for potential growth:

Explore the different avenues of manufacturing, exporting, wide area distribution, e-procurement etc:

Discuss plans of improving the quality or efficiency of the products presently offered:

Include goals of quality assurances on products, gaining certification of standards, etc

## **Risks**

What are the possible risks within your industry:

How do you plan to minimize or address the risks inherent to your business:

## **Financial Statements, Cash Flow Forecasts and Budgets**

Include previous years' financial statements (2-3 years if applicable)

Include present financial statements (balance sheet and income statement)

Include projected financial statements, cash flows forecast (incoming & outgoing) or budgets showing how you plan to operate and grow the business for the next 3-5 years

Determine start up costs, financing requirements & alternatives to financing (if applicable): *(This is where we can really help!)*

### **How can we help?**

*Need more than a basic business plan?*

*Let our professional training and experience help you make sense of your business plan or build one that can be immediately and fully utilized. The benefits include: being better organized, increasing sales and profits, more financing options, being prepared for challenges before they arise and reducing risks!.*

*We offer a wide range of business planning services and advice for example:*

- *Assistance in preparing, reviewing and implementing your business plan*
- *Independent and objective review and critique*
- *Preparing financial statements*
- *Preparing cash flow forecasts and budgets*
- *Assessing and determining financing options and requirements*
- *Tax planning*
- *Establishing relevant job descriptions, performance reviews and incentives*
- *Accounting policies and procedures*
- *Management consulting*