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# COVER PAGE

(Company Name)

(Company Address)

Prepared by: (Your Name)

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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?

## 1.0 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 compelling 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

How do you envision the company 5-10 years from now? How will your company be known? Vision is about the end result – your ideal position.

For example a vision statement for a tutoring company reads: *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.

### Strategic Alliances

These are people or businesses that may be able to refer business to you, or compliment your business i.e. if you tutor English you may have a strategic alliance with a math tutor – you can both refer business to each other. You

can include influencers – individuals who have solid connections in your industry or in your potential customer's industry.

### **Professional Advisors**

These can include your accountant, legal counsel, banker, any consultants, advisors or mentors.

### **Goals & Objectives**

Goals and objectives must be SMART - specific, measurable, attainable, realistic and timely. Examples include: first year sales target; # of clients recruited by December; launch website by year-end. You can also include milestones you want to achieve, i.e. introduce a second product, purchase new equipment etc.

Non-SMART goal:            *Conduct extensive marketing*  
SMART goal:                *Attend at least 4 networking events each month.*

Include any new major initiatives you have planned for the 2- 5 year timeframe, i.e. hire employees, or expand to a larger location.

## 2.0 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.

### Keys to Success

What elements are necessary for you to achieve your mission? Take a look at the successful companies in your industry and analyze their effective marketing and operations practices. Why have they been successful? Are there critical operational issues you need to address? For example if you want to start an alternative healing practice do you have enough credibility i.e. have you treated enough people and have you established a good reputation?

### 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

## Customer Survey Summary

It is important to get feedback from your potential customers and to determine whether you are targeting the right audience and what is important to your customer. You should survey at least 30 people and summarize your findings: What have you learned from your survey? What can you do with that information to move your business forward? State the key findings and what action steps you will take. The full survey results can go in an appendix.

Customer Survey Summary example:

### ***Zebra Tutoring Customer Survey Summary***

*32 people who had used tutoring services in the last 12 months were surveyed between September and October, 2011. Over 65 % of those surveyed indicated that they selected a tutor based on a recommendation from a friend or colleague. The survey reaffirms the need to make local networking and community relationship development a priority marketing strategy.*

## Target Market

Describe your intended customers. In most cases, you should not plan to sell to just anyone or to everyone. Identifying a target market will help you develop a much more effective marketing strategy. The aim is to find your best customers and to clearly describe them by their 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?

Ideally you should list 8 -12 common traits of your best customer.

Here is an example:

### **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 k plus (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 – not necessarily who needs it the most, but who values it the most and is willing to pay for it. 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.*



## 3.0 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.*

### Positioning Statement

How do you want your company to be perceived? What one key message do you want your customers to hear? Your messaging will need to be consistent. Your positioning statement needs to reflect your Compelling Value. For example, a positioning statement for a tutoring company might be: *“to be seen as a high quality tutoring company that emphasizes the creation of interesting and fun interaction between the tutor and the student.”* Your marketing material should always reflect this positioning.

### Product Presentation

This section examines the packaging of your product or service, if applicable. Include a short description of the how the product will be presented. Any designs, drawings or detailed layouts can be placed in an appendix.

### 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)?

#### Example: *Marketing Strategy*

*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. LinkedIn also hosts Expert Talk Shows and one that we be hosting is “Getting Your Son or Daughter Interested in their Own Learning” (see Supporting Marketing Activities Detail).*

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 will need?
- What is the follow-up/measurement system?
- When will you do this and how often?

**Example: 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, etc. (Remember, if you have already listed all goals and objectives under the Company Profile, then you will not need to list them here.)

## 4.0 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?

## 5.0 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? See below for Zebra Tutoring's start-up statement:

Item	Cost of Item	Owner Contributed	Loan	Other Loan (fill in name)	Totals
<b>Lease - Leasehold Improvements</b>					
First and last month rent					0
Building supplies					0
Labour					0
Legal fees to review lease					0
<b>General Start-up Costs</b>					
Insurance	1,200		1,200		1,200
Business License					0
Office Supplies	300		300		300
Office Furniture (desk, filing cabinet)	1,500		1,500		1,500
Computer, printer, fax machine	2,500		2,500		2,500
Marketing	5,000		5,000		5,000
Website	3,000		3,000		3,000
Legal fees to review contracts	500		500		500
<b>Inventory</b>					
<b>SUBTOTAL</b>	<b>\$14,000</b>	<b>\$0</b>	<b>\$14,000</b>	<b>\$0</b>	
<b>Cash</b>					
Working capital	1,000	0	1,000		1,000
<b>TOTALS</b>	<b>\$15,000</b>	<b>\$0</b>	<b>\$15,000</b>	<b>\$0</b>	<b>\$15,000</b>
<b>Percentage Contribution</b>	100%	0%	100%	0%	100%

## 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.

For 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*

#### November (etc)

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

To help you with your cash flow projections, the chart below indicates the current loans payments (using CIBC Prime Rate = 3%)

<i>Loan Amount</i>	<i>Term</i>	<i>Principal</i>
\$5,000	36 Months	\$208.33
\$7,500	36 Months	\$312.50
\$8,000	60 Months	\$166.66
10,000	60 Months	\$208.33
\$12,000	60 Months	\$250.00
\$15,000	60 Months	\$312.50

The 1st year is interest only payments - (prime + 2%)

The 2nd year is - (prime + 1%) + principal

The 3rd to 5th year is (prime + principal)

In the example on the next page, Zebra Tutoring is asking for a \$15,000 loan that gets entered in the Loan row. Under Start Up Costs, the cash flow shows using \$12,000 immediately, with the remainder of the start-up costs to be spent later in the year.

*Zebra Tutoring Cash Flow Year One (only the first three months are shown)*

Month		Sept	Oct	Nov
Tutoring / # sales per month			16	22
<b>Cash Inflow</b>	<b>Avg \$</b>			
Tutoring	40.00	-	640	880
<b>Total Cash Sales</b>		<b>0</b>	<b>640</b>	<b>880</b>
Owner's Investment				
Loan		15,000		
Other Loan (fill in name)				
<b>Total Other Cash Inflow</b>		<b>15,000</b>	<b>0</b>	<b>0</b>
<b>(A) TOTAL CASH INFLOW</b>		<b>\$15,000</b>	<b>\$640</b>	<b>\$880</b>
<b>Cash Outflow</b>				
<i>Inventory</i>				
<b>(B) TOTAL DIRECT COSTS</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>General Expenses</b>				
Owner's salary				
Employee				
Legal				
Accounting				
Advertising and promotion				
Rent				
Insurance				
Bank Charges		15	15	15
Office supplies & postage				50
Telephone & Internet		90	90	90
Subscriptions & Memberships			400	
Training				
<b>(C) TOTAL GENERAL EXPENSES</b>		<b>\$105</b>	<b>\$505</b>	<b>\$155</b>
<b>Other disbursements</b>				
Start-up Costs		12,000		
Income Tax				
Loan - Interest Payment		80	80	80
Loan - Principal Payment				
Other Loan - Interest Payment				
Other Loan - Principal Payment				
<b>(D) TOTAL OTHER DISBURSEMENTS</b>		<b>\$12,080</b>	<b>\$80</b>	<b>\$80</b>
<b>(E) TOTAL CASH FLOW OUT FLOW (B+C+D)</b>		<b>12,185</b>	<b>\$585</b>	<b>\$235</b>
<b>(F) NET CASHFLOW (A-E)</b>		<b>\$2,815</b>	<b>\$55</b>	<b>\$645</b>
<b>(G) CASH FROM PREVIOUS PERIOD</b>		<b>\$0</b>	<b>\$2,815</b>	<b>\$2,870</b>
<b>(J) CUMULATIVE CASHFLOW (F+G)</b>		<b>\$2,815</b>	<b>\$2,870</b>	<b>\$3,515</b>

## Income Statement

An Income Statement (or Profit/Loss Statement) shows how much profit (or loss) your business will generate or has generated over a specified period of time. In its simplest form, the Income Statement shows sales less all expenses, including taxes paid on gross profit. It is recommended that a business set aside 20 -25% of anticipated gross profit for taxes. The Cash Flow template automatically generates a projected Income Statement based on the cash flow projection.

## Break Even Analysis

A break even analysis calculates at what point sales cover all expenses, or at what point a profit is generated. This analysis is particularly useful for product based business as it easily shows how many units must be sold to generate a profit. The formula for a break even analysis is:

$$\frac{OH}{P - C}$$

OH: Total Overhead Costs (fixed costs incurred regardless of sales volume)

P: Average Price of products

C: Average Cost of products

For example, if you produced coffee mugs and your fixed costs for the year are \$10,000 (telephone, marketing, rent etc), average sale price is \$10/mug and average production cost is \$4/mug (material and labour), then a break even analysis would show:

$$\frac{\$10,000}{10 - 4} = \frac{\$10,000}{6} = 1,667 \text{ units}$$

You would start to make a profit after selling 1,667 mugs.



## **6.0 Appendices**

In this section, include all supporting documents; lease agreements, insurance, licenses, detailed survey results, shareholder agreements, articles of incorporation etc.