

# BUSINESS PLAN

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COMPANY NAME

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PROPRIETOR(S)/SHAREHOLDER(S)

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DATE





## **INTRODUCTION**

The purpose of this package is to provide a guide to help you investigate whether your proposed business venture is, or will be, viable.

Many new businesses and a large percentage of existing businesses acquired by new owners will fail within the first five years of operation. There are several mistakes made in acquiring or starting a new business that are common to many business failures.

The most **common causes** for these failures are:

1. Making poor business decisions because of inadequate financial information.
2. Starting a new business for which there is not an adequate market.
3. A bad location for your business within the community.
4. Starting a new business with too little capital.
5. Paying too much money for an existing business.

Don't be too eager to get into business. Take time to **investigate** the shortcomings of a particular business. Many people starting a business, especially first timers, have stars in their eyes and fail to heed the danger signals. Use your accountant, your lawyer and your banker to avoid some of the problems encountered by many new businesses.

## **PEACE COUNTRY DEVELOPMENT CORPORATION BUSINESS PLAN SUPPLEMENTAL INFORMATION**

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1. Project costs should be supported by quotes (written where possible and practical, ie: equipment costs, building renovations or construction costs).
2. Financial projections should be supported by assumptions (especially in a start-up situation). In other words, how did you arrive at projected sales? What are projected expenses based on?
3. When applicable, miscellaneous attachments should be included, such as:
  - a) Apprenticeship completion certificate.
  - b) Special Licenses required.
  - c) Incorporation Documents (if incorporated).
  - d) Special zoning requirements.
  - e) Detailed product information and literature.
  - f) Copies of year-end and interim financial statements, if existing business.

## FEE SCHEDULE

### Technical Fees

First 3 hours free. Charge of \$50.00 per hour thereafter for market research, bookkeeping services, preparation of cashflow projections and other assistance by staff.

### Consulting Fees

Business Plan or Bank Financing Proposal: \$50.00 per hour (normally range from \$500 to \$2,000, depending on the complexity and time involved to gather the information).

Seminars/Workshops: To be negotiated with industry/educational facility.

Facilitation: To be negotiated (would normally start at \$500 plus costs).

### Loan Application & Administration Fees

Total fee of **\$500.00 per loan** will be collected as follows:

- \$250.00 loan application fee due upon submission of application. This fee covers our time to gather all relevant information, determine feasibility of request, complete our due diligence and prepare the loan request for Loan Board review. (non-refundable)

- \$250.00 loan administration fee due upon loan approval prior to disbursement. This fee covers the cost of credit and security searches, the preparation of loan security documents and registration of same.

### Interest Rate

The interest rate will be determined by the level of risk. Risk factors considered include ability to repay, debt to owner investment, type of security, term of loan, length of time in business, past credit history, management ability, industry risk and environmental risk. Interest rates will vary from CIBC prime plus 3% to prime plus 6%.

### Legal Fees

Client is solely responsible for all legal fees incurred in the process of completing and registering security documentation at a lawyers office. This will include such things as reviewing legal documents, registration of documents relating to mortgages and independent legal advise relating to Personal Guarantees, etc..

**N.S.F CHEQUE:** \$35.00

**LIBRARY LENDING FEE:** \$10.00 Deposit (refundable upon return of resource)

**BUSINESS PLAN SUMMARY:**

What is the nature of the business (type of business or service?)


**BACKGROUND INFORMATION:**

1. Legal status of your business. (circle one) Name: \_\_\_\_\_

Proprietorship          Partnership          Limited Company/Incorporated

Date of Incorporation: \_\_\_\_\_

2. List all shareholders or main principals in the business.

<u>Name</u>	<u>Address</u>	<u>Ownership %</u>

**PRODUCTS/SERVICES:**

1. Provide a brief description of the products/services offered and their strengths/weaknesses.


2. Explain the advantages your product/service has over similar products/services in the market place?


3. If applicable, what technologies are used to develop, manufacture, etc., your product/service?




2. What methods of research did you use? (yellow pages, word of mouth, suppliers, survey, etc.)


3. How will your business differ from your competition?


**MARKETING:**

1. List the method(s) of advertising that will be used to promote your product/services. Include costs.

<u>Method</u>	<u>Costs</u>
	\$
	\$
	\$
	\$

2. What price will you charge for your product/service and how was the price determined?


3. What will be your selling policy? Credit/cash, what percentage will they be?


**PREMISES:**

1. Describe the location of your business (address, size of building, rent, size of land, costs of land and building if purchasing).


2. What is the reason for the choice of your location?


3. Are the businesses located around you compatible to yours?


4. Obtain a minimum of three quotes on required leasehold improvements.


**INVENTORY:**

1. Inventory required (amount and cost by category).

<u>Item/Amount</u>	<u>Cost</u>
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$

2. List your suppliers and the terms/conditions of purchasing from them. Give addresses and phone numbers for contact.

<u>Name</u>	<u>Address</u>	<u>Contact</u>	<u>Terms</u>

**OPERATIONS:**

1. List the proposed hours of operation for your business.


2. Apart from the owner, what other manpower will be needed and what wages will be paid to them? (provide job descriptions)


**MANAGEMENT**

1. Who will play the key management roles? (attach a detailed resume)


2. What will the management be paid?


3. What are the strengths and weaknesses of management? How will weaknesses be overcome?


**REFERENCES**

1. List the Banks or other Financial Institutions for which you have had financial dealings.


2. List your Accountant and Lawyer with whom you are presently dealing with or intend to deal with.


**CONCLUSION:**

Take a good hard look at your proposed business. What are the risks? What is the downside? What have you done or propose to do to overcome or reduce these risks?


**ADDITIONAL COMMENTS**


**FINANCIAL PLAN**

What are your start-up expenses? (Land, building, equipment, inventory, start-up costs, operating)

<u>Items</u>	<u>Costs</u>
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$

TOTAL \$ \_\_\_\_\_

Sources of money.

Personal savings	\$
Borrowing from family/friends	\$
Bank Loan (PCDC Loan)	\$
Other (describe)	\$
Other (describe)	\$
TOTAL	\$

What are you prepared to offer for collateral? (only applicable if borrowing money)


What will the major operating expenses be for the first year? (rent, utilities, salaries, etc.)

	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$

TOTAL \$ \_\_\_\_\_

**SALES ASSUMPTIONS**

Describe the Product categories or Services that you will be selling. Itemize them as you would for Cash Register department keys. Explain how your Selling Prices are arrived at, including profit margin, unit price, price per job or hourly rate, etc.

1. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

2. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

3. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

4. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

5. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Projection of Sales & Expenses						
Beginning Month:						
Month	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>Sales</b>	\$	\$	\$	\$	\$	\$
<b>Less Cost of Sales:</b>						
Inventory & Materials	\$	\$	\$	\$	\$	\$
Freight	\$	\$	\$	\$	\$	\$
Direct Labour	\$	\$	\$	\$	\$	\$
Subcontracting	\$	\$	\$	\$	\$	\$
Other	\$	\$	\$	\$	\$	\$
<b>TOTAL</b>	\$	\$	\$	\$	\$	\$
<b>Gross Profit (A-B)</b>	\$	\$	\$	\$	\$	\$
<b>Less Expenses:</b>						
Advertising & Promotion	\$	\$	\$	\$	\$	\$
Legal & Accounting Fees	\$	\$	\$	\$	\$	\$
Management Salaries/Wages	\$	\$	\$	\$	\$	\$
Administrative Salaries/Wages	\$	\$	\$	\$	\$	\$
Employee Benefits	\$	\$	\$	\$	\$	\$
Premises Rent	\$	\$	\$	\$	\$	\$
Equipment Rentals	\$	\$	\$	\$	\$	\$
License & Business Taxes	\$	\$	\$	\$	\$	\$
Property Taxes	\$	\$	\$	\$	\$	\$
Insurance	\$	\$	\$	\$	\$	\$
Repairs & Maintenance – Premises	\$	\$	\$	\$	\$	\$
Repairs & Maintenance - Equipment	\$	\$	\$	\$	\$	\$
Utilities	\$	\$	\$	\$	\$	\$
Telephone	\$	\$	\$	\$	\$	\$
Office Supplies	\$	\$	\$	\$	\$	\$
Shop Supplies	\$	\$	\$	\$	\$	\$
Small Tools	\$	\$	\$	\$	\$	\$
Automotive Expenses	\$	\$	\$	\$	\$	\$
Travel Expenses	\$	\$	\$	\$	\$	\$
Miscellaneous	\$	\$	\$	\$	\$	\$
WCB	\$	\$	\$	\$	\$	\$
Other Describe).....	\$	\$	\$	\$	\$	\$
<b>Sub Total</b>	\$	\$	\$	\$	\$	\$
Loan Interest	\$	\$	\$	\$	\$	\$
Loan Interest	\$	\$	\$	\$	\$	\$
Depreciation	\$	\$	\$	\$	\$	\$
Allowance for Bad Debt	\$	\$	\$	\$	\$	\$
<b>TOTAL EXPENSES</b>	\$	\$	\$	\$	\$	\$
Operating Profit (C-D)	\$	\$	\$	\$	\$	\$
Other Income or Expense	\$	\$	\$	\$	\$	\$
Net Profit (Loss) (E+/-F)	\$	\$	\$	\$	\$	\$
Allowance for Income Tax	\$	\$	\$	\$	\$	\$
<b>NET PROFIT (G-H)</b>	\$	\$	\$	\$	\$	\$

Projection of Sales & Expenses							
Beginning Month:							
Month	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>	<b>11</b>	<b>12</b>	<b>Year to Date</b>
<b>Sales</b>	\$	\$	\$	\$	\$	\$	\$
<b>Less Cost of Sales:</b>							
Inventory & Materials	\$	\$	\$	\$	\$	\$	\$
Freight	\$	\$	\$	\$	\$	\$	\$
Direct Labour	\$	\$	\$	\$	\$	\$	\$
Subcontracting	\$	\$	\$	\$	\$	\$	\$
Other	\$	\$	\$	\$	\$	\$	\$
<b>TOTAL</b>	\$	\$	\$	\$	\$	\$	\$
<b>Gross Profit (A-B)</b>	\$	\$	\$	\$	\$	\$	\$
<b>Less Expenses:</b>							
Advertising & Promotion	\$	\$	\$	\$	\$	\$	\$
Legal & Accounting Fees	\$	\$	\$	\$	\$	\$	\$
Management Salaries/Wages	\$	\$	\$	\$	\$	\$	\$
Administrative Salaries/Wages	\$	\$	\$	\$	\$	\$	\$
Employee Benefits	\$	\$	\$	\$	\$	\$	\$
Premises Rent	\$	\$	\$	\$	\$	\$	\$
Equipment Rentals	\$	\$	\$	\$	\$	\$	\$
License & Business Taxes	\$	\$	\$	\$	\$	\$	\$
Property Taxes	\$	\$	\$	\$	\$	\$	\$
Insurance	\$	\$	\$	\$	\$	\$	\$
Repairs & Maintenance – Premises	\$	\$	\$	\$	\$	\$	\$
Repairs & Maintenance – Equipment	\$	\$	\$	\$	\$	\$	\$
Utilities	\$	\$	\$	\$	\$	\$	\$
Telephone	\$	\$	\$	\$	\$	\$	\$
Office Supplies	\$	\$	\$	\$	\$	\$	\$
Shop Supplies	\$	\$	\$	\$	\$	\$	\$
Small Tools	\$	\$	\$	\$	\$	\$	\$
Automotive Expenses	\$	\$	\$	\$	\$	\$	\$
Travel Expenses	\$	\$	\$	\$	\$	\$	\$
Miscellaneous	\$	\$	\$	\$	\$	\$	\$
WCB	\$	\$	\$	\$	\$	\$	\$
Other Describe).....	\$	\$	\$	\$	\$	\$	\$
<b>Sub Total</b>	\$	\$	\$	\$	\$	\$	\$
Loan Interest	\$	\$	\$	\$	\$	\$	\$
Loan Interest	\$	\$	\$	\$	\$	\$	\$
Depreciation	\$	\$	\$	\$	\$	\$	\$
Allowance for Bad Debt	\$	\$	\$	\$	\$	\$	\$
<b>TOTAL EXPENSES</b>	\$	\$	\$	\$	\$	\$	\$
Operating Profit (C-D)	\$	\$	\$	\$	\$	\$	\$
Other Income or Expense	\$	\$	\$	\$	\$	\$	\$
Net Profit (Loss) (E+/-F)	\$	\$	\$	\$	\$	\$	\$
Allowance for Income Tax	\$	\$	\$	\$	\$	\$	\$
<b>NET PROFIT (G-H)</b>	\$	\$	\$	\$	\$	\$	\$

**BUSINESS START -UP CHECK LIST**

- \_\_\_\_\_ Business Plan \_\_\_\_\_
- \_\_\_\_\_ Financing Approved \_\_\_\_\_
- \_\_\_\_\_ Name Search \_\_\_\_\_
- \_\_\_\_\_ Name Registration \_\_\_\_\_
- \_\_\_\_\_ Business License \_\_\_\_\_
- \_\_\_\_\_ Employer's Account # \_\_\_\_\_
- \_\_\_\_\_ G.S.T. # \_\_\_\_\_
- \_\_\_\_\_ W.C.B. # \_\_\_\_\_
- \_\_\_\_\_ Health Care Insurance \_\_\_\_\_
- \_\_\_\_\_ Business Phone \_\_\_\_\_
- \_\_\_\_\_ Bank Account \_\_\_\_\_
- \_\_\_\_\_ Visa Merchant # \_\_\_\_\_
- \_\_\_\_\_ Master Card Merchant # \_\_\_\_\_
- \_\_\_\_\_ Bookkeeping System \_\_\_\_\_
- \_\_\_\_\_ Business Cards \_\_\_\_\_
- \_\_\_\_\_ Insurance (General) \_\_\_\_\_
- \_\_\_\_\_ Insurance  
(AD&D and S.T. & L.T. disability) \_\_\_\_\_

