




Why prepare a business plan?

-  A business plan enables you to reflect on all aspects of the business and analyze your chances of success.
-  A business plan enables the company to consider different ways of responding to the technological, ecological and financial pressures of the business world.
-  The careful thought, research and consideration devoted to writing your business plan will greatly influence your company's success.

Your business plan should remain with you throughout the life of your company, and will require constant review, additions and corrections.

The business plan is an essential tool when starting a company. It demonstrates the seriousness of the promoter when seeking financing from potential investors, financial institutions and various ministries and organizations. It helps demonstrate the profitability of your investments. It also enables you to monitor the progress of your venture. What's more, a good business plan allows you to verify the coherence and relevance of your project by clarifying and structuring your idea.

Remember, the secret to success is careful planning.

1. PROJECT SUMMARY PRESENTATION

This section should be included at the end of your business plan to highlight the key points of your business project.

Remember, the investor must be convinced and curious enough to want to read the rest of your project.

2. THE PROJECT

2.1 PROJECT BACKGROUND

- ✍ Describe how you first came up with the idea for your project (your personal motivations - business opportunity, personal interests, developing a new product, creating my own job, etc.).
- ✍ Explain the different phases in the development of the project idea.

2.2 COMPANY MISSION

- ✍ Summarize the company's mission in a sentence or two. It should cover all the company's activities (“what does the company offer and for whom”).

2.3 PROJECT DESCRIPTION

- ✍ Outline the project.
- ✍ Mention any agreements negotiated with distributors or other companies.
- ✍ List the objectives to be reached (short-term and long-term goals).

How do you foresee your company in 3 years? What are your objectives for the development and evolution of your products and/or services?

2.4 LEGAL ASPECTS

2.4.1 Legal form

What will be the legal form of your business?

- Sole ownership
- Partnership
- Incorporated business
- Non-profit organization
- Other : _____

A copy of the document “The legal forms of business” is available. You can ask to consult it.

- ✍ Explain the reasons for your choice of legal form.
- ✍ Indicate the planned date of registration or incorporation. If you are already registered, attach a copy of your legal charter.

2.4.2 Distribution of ownership

- ✍ Indicate the distribution of ownership among the company's partners or shareholders.
- ✍ Indicate the initial investment of each partner or shareholder.

Draw up a shareholders' (or partners') agreement, if applicable.

A shareholders' agreement is:

“For each shareholder's or partner's protection, it is important to establish in a common agreement, all the contributions that each one brings to the company, whether in monetary terms or in terms of assets or real estate, as well as the tasks carried out by each one. This should be compiled in a document entitled “Shareholders’ Agreement or Partners’ Agreement”. The agreement must also specify the distribution of profits among the shareholders or partners. This agreement must be drafted in accordance with the Civil Code of Quebec. Commercial lawyers specialize in this process.”

2.5 IMPLEMENTATION SCHEDULE

- ✍ Plan the main steps involved in implementing the business.

The chart on page 5 of the business plan provides examples of the steps to be taken; you must customize it to your project and list the activities in chronological order.

3. THE PROMOTER

3.1 PROMOTER PROFILE

In this section, you must indicate all the skills you possess to successfully operate your business:

- ✍ List your relevant experience and training
- ✍ Mention your special skills, knowledge and aptitudes
- ✍ Attach your résumé. A sample is provided in Appendix 1.

3.2 PERSONAL ASSESSMENT

- ✍ List all your assets and enter their market value (current value).
- ✍ List all your loans and debts as liabilities. Your signature as well as the date of the personal balance sheet are essential.
- ✍ Include your personal balance sheet, a model of which is provided in Appendix 2.

Examples of documents to include with your business plan: (Letters of business intent, résumé, personal balance sheet, catalog and price list, company charter, photos, brochure, signed contracts, layout plan, notarized contract, permits, bids, etc.).

3.3 INSURANCE

When it comes to insurance, it's not just a question of insurance against fire, theft or civil liability. If you have partners, you should ask your insurer about the benefits of partner insurance. If one of the partners becomes ill or dies, you need to be protected against the loss of his services, or the funds needed to buy out his share of the business from his heirs. In such cases, a notary or a lawyer will provide you with information on the steps you need to take to avoid critical situations. It is also essential to find out whether fixed assets (building, machinery) are insurable.

Insurance required for your company's activities (attach a quote if possible) and the annual cost.

4. MARKETING

4.1 PRODUCTS AND SERVICES

- ✎ Provide a detailed description of your products and services.
- ✎ Indicate the retail price of your products and services.

You need to define the packaging, name and brand under which the product will be sold. Consider what will attract customers to choose your products or services.

Product/service presentation

- Competitive advantages of our products/services
- Range of products/services
- Choice of products, packaging
- Lifespan, durability
- Quality
- Customer after-sales service
- Guarantees

4.2 THE MARKET

4.2.1 The sector and the market trends

- Consumer market (referred to as direct sales, such as door-to-door)
- Retail market (when the customer comes to us, products and/or services)
- Industrial market
- Reseller market (distributors, wholesalers)
- Government market (non-profit organization, such as CFDC (SADC))

Specify which sector your company operates in. Define the type of market you're targeting. The government market is approached differently from the consumer market. Your target market includes both your existing and potential buyers. You need to understand the specifics of your target market: its trends, its evolution, its strengths and weaknesses.

Within this broad market, determine the segment or specialty you wish to exploit, and explain your choice. Describe the products or services you intend to offer, their purpose, and indicate how they are different or how they meet your customers' needs.

You need to focus your activities on a group of target customers. A start-up company doesn't have the resources (human, financial, etc.) to meet all the needs of its market. It is therefore essential to select a target market segment and to ensure that this targeted clientele has sufficient sales potential to ensure your survival.

Determine the sector in which the company is operating (bio- food, forestry, maritime, manufacturing, technology, transport, environment, trade & services, tourism, cultural, etc.).

How big is the market?

- What are the benefits of the product (why would the customer choose you, why would he come back?).
- What are the sector's strengths and weaknesses (growth, maturity or decline, market evolution, black market)?
- What are the needs of consumers (what needs do you want to satisfy, and what motivates you to do so)? What are the trends and prospects for this sector (how is the market behaving, is it evolving or declining?)?
- What are the trends and prospects for this sector (how is the market behaving, is it evolving or declining?)?

Support your statements with statistical data.

4.2.2 Regulations

List all permits required to operate your business. Here are the main ones:

Municipal : Business permits, zoning by-laws, building permits, business taxes, zoning by-laws, permits, signs permits, SDC membership, etc. and their annual cost.

Federal & provincial : Commodity taxes, employer number, income tax, source deductions (RRQ, employment insurance, etc.), CSST, Commission des normes du travail, permits, Quebec business number, Régie des alcools, des courses et des jeux, etc. and their annual cost.

Other examples of regulations: insurance, patents, trademarks, liquor permits, lodging permits, transportation permits, restaurant permits, permits from the Ministry of Agriculture, Fisheries and Food (MAPAQ), etc.

4.2.3 Your target clientele

It's important to target your customers. You must know who your product or service is intended for.

If your target market consists of consumers, you need to identify the age group (e.g. 15-25 year-olds, children, 55+), gender, income and spending patterns. For example, you need to know whether it's important for your business to be close to home, the type of store people visit to buy this type of product or service, etc.

If you're targeting an industrial market, you need to understand the main activities of this clientele, their geographical location, sales figures, number of employees, specific needs, sales methods, etc. You must also identify the criteria that are most important to them.

You must also determine the purchasing criteria and level of importance attached to the product or service, the frequency of purchase and the price this clientele is willing to pay.

- Clientele likely to buy your products and services (age, gender, occupation, income, education, place of residence, number of children, etc.)
- Demographic profile (age, gender, financial situation of your clientele)
- Expectations and needs of target clientele
- Purchasing behavior (price, quality, service, reputation, frequency, etc.)
- Geographical location of target clientele (residential neighborhood, city, MRC, province)
- Purchasing behavior of target clientele (frequency and criteria of purchase, etc. What do they need? What are they looking for?)
- Number of people targeted by your products or services (how much \$ do they buy per year?).

Support your assertions with statistical data

4.2.4 The potential market

Depending on the research undertaken, the potential market is defined as the group of people who are likely to make an act of purchase concerning the product. The potential market is generally associated with a geographical area. The number of inhabitants in the area must therefore be considered when calculating product affinity.

Using statistics on the specific sector and your customer base, you can estimate your target sales percentage.

Determine the potential market for the products or services you offer.

Attach your letters of intent to your future customers and backlog of orders.

Don't forget that your target percentage is not 100%: your products or services can never be aimed at everyone.

4.3 THE COMPETITION

You must know your competitors and their strategies. Don't minimize their strengths or capabilities.

- ✎ Analyze their strengths and weaknesses in terms of their products, distribution, suppliers, financial situation, clientele, advertising, pricing policy, services offered and the quality of their product or service.

- ✎ Analyze all your direct and indirect competitors in detail, and don't minimize their strengths and abilities.

Direct competitors [same products/services provided in similar ways to yours]. E.g.: Brand "A" butter versus Brand "B" butter.

Indirect competitors (substitute products/services with the same use). E.g.: Butter versus Margarine.

- ✎ Evaluate your competitors' market share.

- ✎ Compare your company to your competitors.

4.4 MARKETING STRATEGY

4.4.1 Advertising and promotion

There are several ways to reach your customers. You need to determine the most appropriate method for your product, your budget and your target clientele. Study your environment and the typical listening habits of your clientele. If most of your customers work and travel by car, they'll be listening to the radio early in the morning and in the evening between 5 and 6 p.m. If your market is mainly industrial, find out which newspapers and magazines are most widely read (Les Affaires, PME magazine, etc.). It's important to target the most appropriate form of advertising for your market, in order to reach the largest percentage of your clientele while respecting your budget.

- What are your advertising objectives?
- What are your promotional tools?
- What is your annual budget?
- What is the meaning of the company's logo and visual identity?
- What is the meaning of the company's name?
- What are the company's assets?
- What means will you use to reach customers (promotional tools and media, e.g. newspapers, radio, television, etc.)?
- How often will you broadcast or publish (how often will you publish in newspapers? What time of year will you broadcast, summer, winter, etc.?)

Examples of tools: Business cards, promotional items, newspaper ads, radio ads, TV ads, trade magazine ads, signage, telemarketing, door-to-door, direct mail, exhibition, Internet, yellow pages, press conference, contest, flyer, poster, personal sale, media advertising, brochure, sample, yellow pages, billboards.

4.4.2 Pricing strategy

You must now set your prices based on "marketing" and "profitability". Your pricing policy must enable you to penetrate the market while generating profits. This analysis is also very important, and you need to make sure to thoroughly review it, as it represents the lifeblood of your business. A cost analysis is essential to set the price of a product to reach a level of profitability. Cost analysis is also important in determining your discount and credit policy. If you grant 60 or 90 days' credit, make sure you have the necessary funds to support your receivables during this period. If you can afford a discount policy, it can also become part of your promotional strategy.

Establish:

- The general pricing policy for your products or services
- The product or service cost price
- Your net profit margin
- Your credit policy
- Your price in relation to the competition

4.4.3 Customer service policies

Did you know that it costs you on average 8 times more to attract a new customer than to keep an existing one? Furthermore, there are only three ways to make more sales:

- Invest in communication/advertising to attract new customers.
- Increase the buying frequency of your existing customers.
- Get them to spend more every time they visit you.

Customer service and sales respond very well to the 3 following requirements.

What makes you loyal to your current suppliers? These are likely to be the reasons that make you a loyal customer of theirs, so it's vital to create the same effect with your own clientele. Therefore, a service policy is essential. Here are some points to incorporate into this policy:

- Be respectful and courteous in all customer communications.
- Listen carefully so you can identify needs.
- Use simple, understandable vocabulary adapted to the specifics of your client base
- (thus, the importance to adapt to the various types of customers).
- Be available and prompt in handling customer requests.
- Respect confidentiality
- Train your employees in customer service
- Train your employees in sales
- Evaluate your customer satisfaction rate
- Develop a customer service policy
- Develop a telephone service policy
- Develop an e-mail service policy
- Develop a delivery service policy
- Develop a complaint management policy
- Implement a loyalty program
- Implement service standards
- Write a Service Commitment letter to your customers
- Create a customer satisfaction card
- Conduct a customer satisfaction survey
- Conduct focus groups with your customers
- Redesign your business to improve operational efficiency
- Improve your customer service positioning
- Train your staff on consumer protection legislation

5. OPERATIONS

5.1 PRODUCTION

Is your site large enough to support growth?

Are you using the services of a subcontractor?

Describe :

- The stages in your product's manufacturing process
- Your production schedule
- Total space required for equipment layout (for this question, a sketch can often be useful)
- Exterior and interior layout and maintenance required
- Inventory management and quality control

5.2 COMPANY LOCATION AND SERVICED TERRITORY

Here are a few points from the Royal Bank's "Your Business" brochure that you should consider when choosing your location.

- Make sure your chosen location complies with zoning regulations. Confirm with municipal authorities that you are indeed authorized to conduct business at this address.
- Make sure the location you choose meets your physical needs. You need enough space to conduct your business properly and expand. Moving during the first year is not recommended.
- Make sure the rent is reasonable and in line with your operating budget. And, although your image is important, don't spend too much on it.
- Find out how cooperative your landlord is. It's a good idea to give yourself some leeway to terminate your lease if need be.
- Set up near complementary or comparable businesses, if your company can benefit from spontaneous consumer walk-ins. Note how fast-food chains and car dealerships tend to cluster in the same neighborhood, and pharmacies are often located in medical buildings.
- Make sure the location is easily accessible. Your business may be located on a busy road, but there are almost no opportunities for a motorist to make a stop without having to take a detour.

Choosing the right premises

- Choosing the right premises
- What space size do you need?
- What price are you willing to pay?
- How much traffic is there (proximity to customers, etc.)?
- What is the amount of taxes?
- Where are your premises located? How much does it cost? (Why this location? What are the advantages of choosing this location? Is parking adequate?)
- Is there accessibility for people with reduced mobility?)
- Do you need to make any improvements to the property? If so, at what cost?
- Are you planning to buy or rent a facility?
- What territory do you service (municipal, regional, provincial, Canadian, international)?
- What is the surrounding environment (commercial, residential, industrial, etc.)?
- Do you intend to produce a site development plan?

5.3 PROCUREMENT

- Who are your suppliers?
- Décrivez les matières premières nécessaires à la fabrication de votre produit, le prix et leur frais de transport.

5.4 DISTRIBUTION NETWORK

Identify how your products will be delivered (direct sales, through a distributor, a wholesaler, etc.). If you are a retailer, this question does not arise, but if you are a manufacturer, describe your distribution network and explain your choice.

- Distribution network used (direct sales, distributor, wholesaler, home delivery, manufacturers, retailers, etc.)
- Delivery time (how many days will you wait to receive your products?)
- Transport costs
- Backlog

Do you already have contacts with your distributors? Who are they? Are there any procedure already in place (consignment, payment terms, commission on sales, etc.)?

5.5 ORGANIZATIONAL STRUCTURE

Define the responsibilities and tasks to be performed by the promoter(s) and employees.

5.5.1 The work team

- How much will you and your employees earn?

5.5.2 External contributors

5.5.3 Human resources management policy

- Do you plan to create additional jobs in years 2 and in year 3? If so, please give details (qualifications or training required, salaries offered, etc.).
- Is the necessary manpower available in the region? If not, how do you plan to remedy the situation (outside recruitment, training)?
- Do you need seasonal workers?
- Do you plan to receive help in recruiting employees (local employment center, wage subsidy)?
- How will you train your employees? What is your budget?
- Will you have a procedure for welcoming new employees?

6. FINANCING AND FINANCIAL FORECAST

6.1 DESCRIPTION OF FIXED ASSETS

- ✍ List the fixed assets you have acquired and need to acquire. (What are the equipment, automotive equipment, buildings and any other assets necessary for the operation of the business?)
- ✍ Provide quotations.

6.2 FINANCIAL STRUCTURE

Funds required at start-up

- ✍ Make a list of all the costs you will incur to get your project started: notary fees, bank fees (for opening a new account), transfer tax, accountant's fees, appraisal fees, building inspection fees, Bell deposit, Hydro Québec deposit, etc. Once you know how much money you need, you can decide how to finance your project.

You can then figure out how much money you'll need up front. You can then complete this section, which is in fact the balance sheet of your project at start-up.

With the help of your business plan, you'll be able to work out how much you'll need for inventory, equipment, building purchase, leasehold improvements, etc. Don't forget to include the assets you own and intend to invest in your business. These will become part of your down payment.

6.3 SALES ANALYSIS

6.4 PROJECTED FINANCIAL STATEMENTS