

# Business plan template

## Introduction

The structure of this document is a guide only – you may wish to delete (or add) sections depending on your business type or the intended audience of your business plan. If you need more space, just keep typing. Delete the explanatory text and instructions as you go.

## Business plan for

[ENTER BUSINESS NAME HERE]

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Date

## WHAT YOU'RE SELLING

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[Enter text – the main products and/or services your business offers, so it's clear for anyone outside your industry to understand what you do.]

## GOALS

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[Enter text – briefly outline your business goals and objectives. Where do you see the business in 5 years time? Give the reader an overview of where the business is heading. Include financial goals (sales and profit) and any community or social goals.]

## LOCATION

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[Enter text – provide your business address.]

## ONLINE PRESENCE

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[Enter text – website address, email, search keywords and social media links for the business.]

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## 1: Is there a market?

It's important to understand what your customers want to buy, what they are willing to pay and how you can better position your business so that they are buying from you. Researching the preferences of non-customers can be tricky, especially if you haven't started operating yet. The easiest option is to go online and review the competition and opportunities that exist in your market.

### **CONFIRM THERE'S A DEMAND**

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Avoid making assumptions, because although you're excited about your business idea, it doesn't mean it'll necessarily translate into a market response. Be as realistic as possible. For example, is your product or service only going to have a "niche demand"? That is, is it only going to appeal to a select group of customers rather than a wide ranging one?

Think about the size of your market. How many people will be interested, at the price you're charging? How many of your target customers are in your market?

Talk to your target market – these are the particular group of consumers at which your product or service is aimed - and make sure you understand their motivations for buying from you. Consider your competition and be realistic about whether or not there's enough business to go around. Is your product or service already being offered? Try to get the opinions of people who aren't biased (friends and family) to get a realistic sense of demand.

**Describe the demand for your product or service, including the size of the market you're entering into. Include any statistics you've discovered, such as where the greatest concentrations of your ideal customer lives.**

*[Enter text]*

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## **WHY WILL PEOPLE OR BUSINESSES BUY FROM YOU?**

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Just because you're offering something unique doesn't mean customers will spend their hard-earned dollars on your product or service, so you need to have a clear plan of how you intend to grab a share of that market.

You should know why you believe that customers will switch to you from your competitors. As you think about your market it is important to get really clear on your product or service. What is unique about it? Will it be cheaper, come with added features, be easy to buy, access or use? Ask yourself the following questions:

- What will you be doing/offering that no-one else is?
- What will you be doing better than anyone else is?
- What sets you apart?

**Describe why you think potential customers will buy off you, rather than the current competition. If there is no competition, explain why.**

*[Enter text]*

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## **DETERMINE YOUR DISTRIBUTION MODEL**

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This is the way your business earns money – as in, how you're getting paid. For example, a software company's business model could be to sell software programs through online subscriptions. A lawyer sells expertise by charging an hourly rate. Retailers buy products from wholesalers and add a margin before reselling them.

**Describe the distribution model you've chosen, including your reasons for choosing it.**

*[Enter text]*

## **TRIALLING YOUR IDEA**

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Conducting a trial, or pilot, or testing the market by starting your business part-time are effective ways to get immediate feedback from your customer base.

**What have you done to gauge demand? What were the results?**

*[Enter text]*

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## SWOT ANALYSIS

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A SWOT analysis will help fine-tune your business strategy by examining internal and external factors that may help or hinder your business. Identifying and understanding the strengths, weaknesses, opportunities, and threats – that’s what SWOT stands for – allows you to address them and make smarter decisions moving forward. Remember to think about any partners or employees and how their skills and experience will build complementary strengths and address weaknesses.

Enter the results below.

*[Enter text]*

<b>Outline your strengths and how you will maximize them</b>	<b>Outline your weaknesses and how you will reduce them</b>
<b>Outline any opportunities and how you plan to make the most of them</b>	<b>Outline any existing threats and what you plan to do to reduce them</b>

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## COMPETITOR SWOT ANALYSIS

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It's important to carry out a SWOT analysis on each of your key competitors as well.

*[Enter text]*

<b>Outline your competitor's strengths and how you plan to better them</b>	<b>Outline your competitor's weaknesses and how you plan to exploit them</b>
<b>Outline any opportunities your competitors may have, and how you plan to reduce the impact</b>	<b>Outline any existing threats to your competitors, and how you intend to take advantage of them</b>

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## 2: Identify any capacity and delivery needs

You need to be sure that you can actually provide what you're offering. So it's important to do your due diligence here – review your status and confirm that you have deals with suppliers, and the equipment necessary to produce your product or provide your service.

You need to show that you can actually make the product you're offering, or deliver the service you're advertising.

### **CONFIRM YOUR SUPPLIER AGREEMENTS**

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A well-managed supplier is a vital resource.

You'll want to find out what kind of payment terms they offer, if their prices are competitive, if they can meet your requirements, especially if you get a large, emergency order, and if they're reliable. Do a little research and find out exactly how their business is doing. Ask other business owners who they rate as valuable suppliers. If a supplier has a bad reputation for late delivery of goods, you'll want to know before you decide to draw up an agreement with them.

**Outline who your suppliers are, and what contracts you have in place with them, including any special deals.**

*[Enter text]*

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## **CONTINGENCY PLANS**

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Even the best laid plans can go awry, so it's important to prepare in case they do. Have you worked out what you'll do if your orders are late or don't show up? What will you do if your supplier goes out of business?

**Describe the measures you plan to take in case of a supplier emergency.**

*[Enter text]*

## **SHOW HOW YOU CAN PROVIDE WHAT YOU'RE OFFERING**

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It's important that you can actually produce what you're offering, or provide the service. That means making sure you have the right equipment, staff and capability to do the job. Are you physically capable of doing the work, have the right manufacturing tools, or the knowledge and expertise?

It's also essential that you have the necessary equipment to do your job properly.

**Outline what you'll need to trade and how you're obtaining it.**

*[Enter text]*



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## 3: What makes your idea financially feasible

Before you quit your job, invest all your savings or tell everyone you know that you're about to set up on your own, work out if you can realistically establish a profitable business.

The first task you need to complete is figuring out if your idea, as great as it is, will actually be financially viable.

### **HOW MUCH DO YOU NEED – START-UP COSTS**

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You've got two sets of costs to consider – start-up and working capital.

Start-up is what it's going to cost you to actually get the business up and running. They're one-off costs that are required for the launch, and which you probably won't have to pay for again.

Once you've determined all your start-up costs, the next thing is to work out how much working capital you'll need. How much it's going to cost to keep your business running until you think you'll break even, and then start to show a profit. So, this includes costs like rent, utilities, wages, and supplies.

**List all your start-up costs, including set-up and working capital.**

*[Enter text]*

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## **BREAK-EVEN ANALYSIS**

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It's essential to have an accurate estimate of how many items (or hours of service) you'll need to sell each week, to cover your costs and begin to make a profit.

**Outline the results of your break-even analysis, including how long it will take before your sales match your costs.**

*[Enter text]*

## **CASH FLOW FORECAST**

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To help you identify sales and expense fluctuations each month, generate a cash flow forecast. In order to take action early, aim to predict when you may have too little or too much cash.

Try to be as accurate as possible with your figures. It's worth putting some time and careful thought into getting these figures right as this forecast is usually the focus for banks and anyone reviewing your business financials.

It's always a good idea to run your figures past your accountant before presenting your cash flow forecast to outside readers, such as potential lenders or investors. It's also a good time to engage with a business mentor. This can be anyone in your circle of family or friends who's experienced in business.

**Outline the results of your cash flow forecast, including how you plan to handle those times when cash is low.**

*[Enter text]*

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## **ACCESSING FINANCE**

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When it comes to how you're going to fund your start-up, the most common sources of capital are:

- your savings
- home equity
- borrowing from the bank
- borrowing from friends and family
- government grants and subsidies
- attracting angel investors or venture capitalists
- bootstrapping by finding alternate sources of funding

**Outline your sources of finance and if you plan to approach any investors.**

*[Enter text]*

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## 4: Can you compete?

You'll be able to better assess who you're up against and develop effective tactics to gain customers by knowing as much about your key competitors as possible. Note down what they are good at, what they are not so good at, and then develop information and selling statements to convince customers to switch to your business.

### **KEY COMPETITORS**

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You'll be able to better assess who you're up against and develop effective action items to gain customers by knowing as much about your key competitors as possible.

**Outline your key competitors. Outline how you intend to differentiate from them.**

*[Enter text]*

### **CONVINCING THEIR CUSTOMERS TO SWITCH TO YOU**

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Once you've identified your key competitors, what specifically can you do to encourage their customers to try yours?

**Describe the methods you plan to use to convince people to switch to you.**

*[Enter text]*

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## 5: Pricing and margins

Outline your pricing strategy, and how you've determined what people will pay. You need to show that your pricing is accurate to maximize your profits. State your pricing goals – that you're covering your costs, getting a reasonable return, and that it bears some relationship to what the competition's charging.

### **FACTORS THAT IMPACT YOUR COSTS**

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Describe what you are selling and all the costs involved for you to bring it to market. Is it a product, a service, or a combination of both? It's important to take all your costs into account, so make sure you include your overhead and all other fixed costs. Include all the costs you can think of that you have no control over, such as suppliers increasing their prices.

**Outline all the factors that could impact on your costs, and be sure to include your fixed and variable costs.**

*[Enter text]*

### **HOW ARE YOU GOING TO PRICE?**

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Are you competing on price, or on the quality of your product or service? Are you cheaper, the same, or more expensive than the competition? If you get into a price war with your established larger competitors, how can you counter their actions when you enter the market?

**Outline your pricing strategy and rationale.**

*[Enter text]*

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## **CAN YOU MEET THE COST OF DEMAND?**

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It's great if you've discovered that lots of people will buy from you but you need to make sure you can deliver what you've promised. Provide details on costs of supply, logistics, storage, consultants' fees and any outsourcing you expect to use. Then describe your plans for meeting these costs and how you expect them to impact on your profit margin.

**Describe your plans for meeting these costs and how you expect them to impact on your profit margin.**

*[Enter text]*

## **WHAT WILL PEOPLE PAY?**

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Explain what flexibility you've built into your pricing strategy to meet market fluctuations and changes in your competition. There might be other factors that alter the market, such as inflation or shifts in demand. How have you planned to meet them and how will it affect how much your customers will pay?

**Describe how your pricing strategy will impact on what people will pay.**

*[Enter text]*

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## 6: Your marketing plan

To market your business effectively you'll need a clear understanding of why customers buy from you, as well as knowing who your existing and prospective customers are.

To get your message across to potential customers – the more you know about the people in your target market, the better chance you have of communicating with them on their level. You'll be able to use language in your advertising and sales that they can relate to. It's also important to note how your target market may change after you actually launch. Your advertising strategy would need to be updated to reflect this.

### **DEVELOP PROFILES OF TARGET CUSTOMERS**

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Find out who and where your primary customers are. You'll want to know everything about them and their purchasing habits to enhance your chances of making sales. Create profiles of your main customer types and then it will be easier to design a marketing and sales campaign to attract them as customers. If you are targeting other businesses, the same rule applies.

**Outline your top 3 customer targets.**

*[Enter text]*

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## **CUSTOMER BUYING BEHAVIOUR**

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Knowing when and how often your repeat customers will likely purchase from you can be crucial information for estimating your business's cash flow. So it's important to talk to them to find out their needs. Interact with potential customers by talking to them when they're buying from competitors, and attend trade shows and networking events if you're selling to businesses. Especially identify buying cycles and budgets. Use their responses to amend your products and services and business model.

**Describe what you've learned about your customers' buying behaviour.**

*[Enter text]*



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## **ADVERTISING TACTICS**

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To start the sales process, use advertising tactics that appeal specifically to your key targets. Think about their particular patterns and create a list of ideas that is likely to get you in front of them. For example direct sales calls, advertising in the local paper, search engine marketing, telephone calls, networking, events, sponsorships, etc.

Don't underestimate the power of word of mouth advertising so it's important to encourage your friends, family and business colleagues to talk about and refer your new business as much as they can.

**Outline your advertising tactics. Provide details on each of its components – what combination of methods will you use, and why?**

*[Enter text]*

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## ONLINE PRESENCE

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When people search for a business, they head straight for the internet. Websites and search are now mainstream ways of engaging, educating and selling to your customers.

**Describe how you're planning to use your website to boost awareness. How else are you going to encourage customers to contact you, for example content marketing, free downloads, e-newsletter.**

*[Enter text]*

## SOCIAL MEDIA

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Customers use social media to research peoples background, business activity and how active your business is in your industry. If customers can engage with you via social media, they're going to feel as if they have more of a personal connection with you, and more likely to buy from you.

You can also use Facebook, LinkedIn or any relevant social media platform to conduct surveys and polls, or participate in social media chat rooms to find out what is going on.

**How do you intend to use social media in your business?**

*[Enter text]*

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## **BUILD CREDIBILITY**

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Have you shared your industry knowledge and experience, spoken at industry events or generated positive stories in your local media? Outline what you've done to show how you're always putting the customer first. Have you highlighted your proven track record with active social media updates? Details of your knowledge and experience should be prominent on your website, and offering to speak for free at industry events could be another way you've boosted your credibility.

**Describe what steps you plan to take to boost your credibility. What methods have you used?**

*[Enter text]*

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## CUSTOMER LOYALTY

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Why do you think customers will stay with you? Outline your customer loyalty strategies and provide detail on how you developed them. Apart from having great customer service, what other tactics have you put in place to keep your customers coming back? For example, you may have implemented a customer loyalty program, or improved your communication with regular blogging and an e-newsletter, or invite only webinars or events.

Remember that when you're building an e-mail list, you need consent from your customers.

**Describe how you plan to make sure your customers keep coming back, and how you intend to use their loyalty to boost sales.**

*[Enter text]*

## REFERRALS

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Getting your customers to tell others what they think of you is one of the most effective ways to gain new customers. You can do this by following up on sales and asking for referrals, acknowledging your most loyal customers, and inviting them to events.

Providing an excellent customer experience is the most effective way to encourage referrals. People are more likely to return and give you their loyalty if they have a positive experience with your business.

**How will you encourage referrals?**

*[Enter text]*

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## 7: Business compliance

This is where you demonstrate that there's nothing stopping you from starting up. So you need to take into account your intellectual property (IP) such as trademarks, patents and copyrights. Have you made sure you're protected? You also need to show how you're compliant with any bylaws and licensing, and that you have all the relevant permissions you'll need.

### **INTELLECTUAL PROPERTY**

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Outline how you've protected your IP. The [Canadian Intellectual Property Office](#) should be your first stop. It explains how to apply for patents, trademarks and copyright.

**Describe the steps you've taken and that everything you've applied for has been confirmed.**

*[Enter text]*

### **COMPETITOR'S IP**

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Outline the methods you've used to check you're not breaching anyone else's IP. Whether you've applied for and been granted a patent, established a copyright or secured a trademark, you need to be legally in the clear.

**Outline how you've made sure you're not breaching anyone else's IP.**

*[Enter text]*

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## **REGISTER FOR GST/HST AND BUSINESS NUMBER (BN)**

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Most Canadian businesses will need to register for a Business Number (BN). The Canada Revenue Agency website has a [good section on BNs](#) that's essential for business start-ups. You'll also need to register for GST/HST, and the CRA website can [help you do this too](#).

The very first thing potential customers are going to remember about you is your name/business name, because it's the first contact they have with you. Come up with something that's unique, effective, descriptive and memorable. You want your business name to have an impact on people, so that it's not easily forgotten and ties into your industry. What you decide to name your business will set the tone for how you're subsequently viewed in the business world, by both customers and your competition. Once you've thought of a name make sure that no-one else is using it, and then you can register it. The CRA website has a [good overview](#) of how to do this.

**Confirm that you've registered for GST/HST, and a BN. Outline the origin of your business name and why it's important.**

*[Enter text]*

## **LICENSES AND PERMITS**

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The Canada Business Network website can help you find the government licences, permits, approvals, codes of practice, standards and guidelines you need to know about to meet your compliance responsibilities.

**Outline if there are any legal restrictions on what you are doing, and the steps you've taken to comply.**

*[Enter text]*

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## **ACCOUNTING SOFTWARE, BANK ACCOUNTS, INSURANCE**

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Good software reduces the risk of making mistakes and enables you to monitor your cash flow cycles. If you keep all your accounts in the cloud, then you can see everything in real time, and this means you can monitor your cash flow on a daily basis.

You'll need to open business bank accounts. These are separate from your personal banking accounts. Talk to us about our range of [business banking solutions](#) so we can help you tailor a package that best suits your business needs.

Insurance is not something you should skip. It's important for all businesses to be covered by the right insurance.

**Outline how you've ticked all these boxes.**

*[Enter text]*

## **WHAT ELSE IS CRITICAL TO COMMUNICATE IN YOUR PLAN?**

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We've covered the main elements of a business plan, but it's highly likely there are other topics you need to include. Possibly you're importing or exporting, so will need to be aware of foreign exchange. If you are in a unique industry you may need to explain in more detail the process. Alternatively you may require limited information to be disclosed if your idea is confidential.

**Outline anything else in your business plan that you think is important to include.**

*[Enter text]*