VAUDREUIL-SOULANGES
Centre local de développement

A PARTNERSHIP FOR SUCCESS!

YOUR GUIDE TO PREPARING A BUSINESS PLAN

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INTRODUCTION

This standard business plan was created to make the planning and the construction of your business project easier. In this direction, it will allow you to forsee the different steps in the launch of your business and will equally better understand the environment in which it will evolve. In addition, this business plan will become a precious tool when the time to negociate the financing of your project will come.

The promoter who wishes to associate themselves with an existing business can use the same document to plan his/her project. He/she will complete the same sections in following, if it takes place, the specific directives to an associations project.

This model adapts itself just as well to a manufacturing company, commercial or of services. Some under-sections cannot apply to your position. In this case, simply write *DOES NOT APPLY* .

To help you understand, many fictitious examples accompany the explanations of the guide. Nevertheless, it is probable that you may have questions while compiling information of certain sections. Do not hesitate to consult persons-resources in the domain when in need. What is important, is that you create your business plan with the most accuracy and be as realistic as possible. The success of your business may depend on it!

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I. THE PROJECT

This first section has for objective to present a general idea of the business project and the steps to accomplish it.

I.1 RESUME OF THE PROJECT

Briefly describe your project. You should be able to answer the following questions :

- *What ?*
  The idea, sector of activities, the market aimed, and the characteristics of the product (goods or services).

- *Who ?*
  The promoters

- *Where ?*
  The localization of the business

- *How much ?*
  The cost of the project

- *When ?*
  Expected date of opening

If you associate yourself with an existing business, add a brief historic to the summary of the project.

I.2 MISSION OF THE BUSINESS

In a sentence or two, describe the mission (reason of being) of your business. Here are some examples of missions of businesses who work in different sectors.

Manufacture of furnishings of high quality :
To conceive, to make and to sell furnishings that have an exclusive design.

Clothing store and outdoor sports equipment :
To sell clothing and leisure items of good quality, adapted to outdoor sports. Counsel the clientele of its needs.

Conception of accounting computer software :
To conceive, to create and to sell accounting software that are user-friendly and adapted to the needs of the business.

1.3 OBJECTIVES

List the objectives you wish to attain, starting with the short term objectives and finishing with long term objectives.

Example of objectives, by chronological order :

- To make clientele aware of the business
- To reach the break-even point before the end of the first year of operations
- To make a profit of 12 000 $ the first year
- To attain a business figure of 300 000 $ as early as the second year
- To reimburse my personal loans of here three years
- To develop the exportation market
- Etc.

While associating yourself with an existing business, describe the personal objectives that you will follow.

1.4 SCHEDULE OF TASK

List the principal tasks of your project (incorporation or recording, housing spaces, purchase of equipments, advertising, expected date to start, etc.).

In the case of an association, list the project's tasks foreseen by the current and linked owners to your integration.

2. THE PROMOTERS

This section will permit the promoters to identify their personal contribution to the project (investments, experiences, training) and their role within the business.

2.1. CURRICULUM VITAE

Incorporate your curriculum vitae. Indicate your training and your work experience, starting with the most recent. Mention all other relevant experiences that could be useful for the business.

2.2. PERSONAL BALANCE SHEET

The personal balance sheet is the list of all that the promoter possesses (assets) and all that he owes (liabilities). Complete the suggested personal balance sheet while be as accurate as possible.

ASSETS market value (the price that you are to currently obtain)

Cash	$	
RRSP	$	
Life insurance (cash value)	$	
Real Estate (present value)	$	
Automobiles	$	
Stocks, bonds,…	$	
Household & personal effects	$	
Total assets		$

LIABILITIES : the balance to pay on your loans, mortgages or other debts.

Bank loans	$	
Credit cards	$	
Mortgages	$	
Etc.	$	
Total liabilities		$

Finally, determine your net value. The following matter shows how to obtain your net value :

Net value = assets - liabilities

2.3. ORGANIZATIONAL STRUCTURE

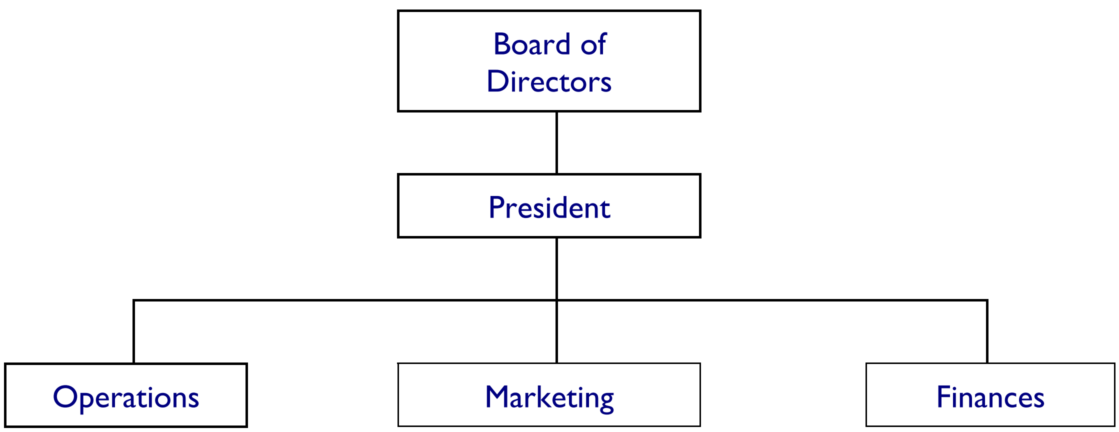
Task distribution

Give a brief statement of responsibilities and tasks that each promoter will accomplish within the business.

Flow chart

As needed, do a representation of the structure of your business, according to the levels of responsibility of company managers and personnel.

Example of a flow chart :



2.4. LEGAL FORM

State the juridical form (incorporation, recording or cooperative) chosen by the promoters all while explaining the reasons that motivated this choice.

To obtain information concerning the juridical forms, you can obtain **Les principales formes juridiques de l'entreprise au Québec* sold in Publications Quebec bookstores.

2.5. ALLOCATION OF OWNERSHIP

Indicate the distribution of the property of the business while mentioning the form of participation of each promoter (financial or other). If it is an incorporated business, indicate the distribution of the different types of stocks. In the case of a registered business having at least two associates, indicate the distribution of the social parts. In the two mentioned cases, here-above, join in an annex of a business agreement. This written contract should foresee the rights and obligations of everyone even that of settling conflicts or the consequences of the death of a shareholder or associates. In the case of an association, you would want to describe the allocation of ownership before and after your association and join in an annex of a business agreement is a contract between shareholders and establishes rules that will see to the good driven matters of the company, his financing methods, the arrival of a new shareholder, the withdrawal or death of a shareholder and the rules to follow when there is a strong disagreement on a subject or between shareholders, etc. The best time to write a business agreement is before the launch of the business, when all the members have the best of intentions.

3. MARKETING

This section should show that there is sufficient market potential, and that the marketing strategy will put the business in a favorable position in comparison with the competition.

3.1. PRODUCT

Give a detailed description of your product (goods or services) and its characteristics (quality, durability, style, user-friendly, packaging, warranty, etc.).

3.2. MARKET ANALYSIS

Global Market

Using statistical data from previous years, evaluate the importance and the evolution in your activity sector for the targeted region (in dollars). Also, do the same approach when evaluating market trends.

Targeted Market

Determine the group of consumers most likely to buy your product (age group, sex, income, profession, etc.). Determine where the majority of the clientele is located (neighborhood, city, etc.) and what potential it represents (in number of people and in dollars). Give a summary of what are the reasons behind the motivation of your potential customers when they buy a similar product (quality, price, originality, attractiveness of the product, etc.). Also, describe their purchasing habits (loose goods, speciality stores, discount stores, etc.).

Competition

With the help of the suggested chart, list your principal competitors by order of importance, while listing their strengths and weaknesses. Also, do the same chart for your business, listing its strengths and weaknesses.

Competitors	Location	Strengths	Weaknesses

Examples of strengths and weaknesses:

Strengths : superior quality, good location, exemplary clientele service, good presentation of the product, etc.

Weaknesses : mediocre quality, no warranty on the product, etc.

There are some sources of information that will help you create your market analysis :

⇨ Consult the Statistics Bureau of Quebec www.stat.gouv.qc.ca and Statistics Canada www.statcan.ca for existing market and industrial studies and data.

For information on the statistical publications you may contact :

Statistics Bureau of Quebec in Quebec : (418) 643-5116 or 1-800-463-4090
Regional Consultation Center of Statistics Canada in Montreal : (450) 283-5725 or 1-800-361-2831

⇨ At the Local Development Center (LDC) of your region, you should obtain detailed information on the population and the average annual income. Furthermore, a list of manufacturing companies and other businesses will be at your disposition.

⇨ Other sources of information :

- The yellow pages;
- Business phone directory;
- Local and regional newspapers;
- Chamber of commerce;
- Manufacturing and retailing associations;
- Interviews with businesses already involved in the industry (distributors, suppliers);
- Discussions with present and potential clients
- Etc.

Regulations

To what extent is your industry regulated? How does this affect your business? Consider laws, bylaws and regulations, environmental concerns, tax breaks for new enterprises, tax shelters for certain types of investments, and so on. The various levels of government can provide all the necessary documentation, and you may want to consult business owners already involved in the community, your Chamber of Commerce or Board of trade or, in specialized cases, a lawyer.

WHERE TO FIND INFORMATION ON THE LEGISLATIONS AND THE REGULATIONS ?

Type of legislation or regulation	Where to find them
Business licence	Municipalities
Land use and zonage	Municipalities
Municipal taxes	Municipalities
Licence and standards of construction	Municipalities and Régie du bâtiment du Québec
Québec sales tax (QST)	Revenu Québec
Goods and services tax (GST)	Revenu Québec
Identification number of employers	Revenu Québec
Source deductions and contributions for employers (provincial and federal income taxes, Québec pension plan, employment insurance, health insurance)	Revenu Québec and Canada
Federal tax on the income of the companies	Revenu Canada
Provincial tax on the income of the companies	Revenu Québec
Occupational Health and Safety Act	CSST
Labour standards	Commission des normes du travail
Collective agreement decrees	Ministère du travail

3.3 MARKETING STRATEGY

Distribution or location

In the case of a manufacturing company, explain how you intend to dispatch your product to the costumer (salesmen, agents, distributors, wholesalers, etc.). For a smaller businesses, determine the location of your business, easy access, proximity of public services such as : (servers, water, electricity, etc.). If your product requires a delivery service, explain the way it would function (delay, cost, etc.).

Promotion

Make part of your advertising objectives, from the budget granted for each of the chosen means to attain the clientele (advertising in the newspapers, promotional flyers, promotional items, official opening, the Yellow Pages, web site, etc.). If you count on using representatives, indicate the sales objective and the territories to cover. Establish a promotional activities calendar.

Promotional activities	When / Frequency	Where	Cost
			$
			$
			$

Price

Determine the policy of prices of your products. Explain how your policies allow your business to penetrate the market and to maintaining everything while ranking in profits. Talk about your policy of credits.

4. PRODUCTION

This sub-section only apply to manufacturing companies.

Describe the manufacturing process of your product and list the principle equipments that will be required. Mention the raw materials that will be used. Determine the production capacity of your business with the help of the following parameters : required number of square meters, number of production employees, number of working hours.

Example of production capacity :

In my local of 500 square meters, the business will be in a position to make, with the equipments mentioned, 150 office chairs a day, with a production team of seven employees, to reason eight hours of work a day. This production capacity would allow to attain an annual sales figure of 750 000 $.

Supply

This sub-section applies to manufacturing companies and retailers.

List your principle distributors. Mention what their delivery delays are, and their credit policy. Explain what way you are going to control your inventory of raw materials if it's a manufacturing company, or your inventory of goods if it's a retailing business (permanent system inventory, manual or computerized, weekly physical inventory, etc.).

Layout

Explain the improvements that will have to be brought to the local for it to be operational and also provide, if available, a layout plan of this local and even a schedule of procedures of creating the layout.

Workforce

Mention the number of employments that will be crested, excluding the promoters. Briefly explain in what will consist the workforce needs and which be the payment of employees (salaries, commissions, seasonal employments, etc). Discuss the availability of this workforce in your population pool.

5. FINANCIAL PLAN

This last section will permit you to translate in monetary terms your business project and will evaluate its profitability, its cost and its suggested financing method (an employee of the Vaudreuil-Soulanges Local Development Center will help you work this section).