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Supported by:



Preparing a Business Plan

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Preparing a Business Plan

What is a Business Plan?

A business plan is a written document that describes your business and its future path. It should be easy to read and use. The information must be current and accurate, and supported by facts. That means it is a fluid document. You adjust it as your business grows and develops. It is the key tool you will use to make sound business decisions, and measure your success. It is YOUR roadmap to success.

Why is a Business Plan important?

It has been said that a plan in your head is no plan at all. Writing your plan down makes it REAL. It forces you to be objective, critical, unemotional and realistic about your project in total. It takes your light bulb of a good idea and translates it into a viable business undertaking.

If you fail to plan, you plan to fail.

A Business Plan:

- ✓ Forces you to analyze the feasibility of your business. It assesses whether or not you can turn your dream into a dream business.
- ✓ Is a management tool. If you don't keep score, how do you know if you're winning or losing? A written plan, adjusted with your business growth, helps you "keep score" and make solid decisions.
- ✓ Makes you play the "What if" game. In developing your plan, you'll be forced to look at best, worst and like case scenarios, and develop possible solutions before problems are encountered.
- ✓ Empowers you. It makes you knowledgeable and confident in your field and your undertaking.
- ✓ Can be a financing or sales tool. If you're looking for financing or investors, you'll need to demonstrate that you have more than a great idea! A detailed business plan is a must.
- ✓ Provides the benchmark against which to compare the progress and performance of your business.

"Starting a business without a business plan is like driving from downtown Ottawa to downtown Toronto without a map. Chances are you'll make it, but with guidelines the trip will be shorter and much more pleasant."

Angela Sutcliffe, Mrs. Mop

"Without a plan, you'll make the mistake I made in the first turnaround crisis I dealt with. I started out by instantly reacting to each and every new problem that reared its ugly head, each howling wolf as it appeared at the door. I'd drop one thing to face another, then turn from that to the next noise in the dark. Pretty soon I was spinning around like a top. One night, long after everybody else had left, I was in my chair at my desk, sweaty, bone tired, exhausted. I realized I was completely out of control. Then I shut the door and put together a believable, step-by-step business plan. With this battle plan in my hand, I had confidence, I had the ability to engineer cooperation and trust from others... With plan in hand, I restored order and kept myself out of the padded room."

Dan Kennedy, author of “No B.S. Business Success”

What’s in a Business Plan?

A business plan is like a recipe; there is no “one-and-only.” Your lasagna recipe may have quite different ingredients than mine, but the end result is still lasagna. The same holds true for a business plan; there is no “one-and-only” format. Depending on the source you consult, you may find various topics and headings. The following components should, however, be covered in your plan:

- Title Page
- Table of Contents
- Executive Summary

These three components, though listed first, will be written last. You can’t summarize what you haven’t written. Your executive summary will provide a concise overview of your business plan, including your market potential, distinctive competence and funds you are seeking, and their usage. This is the snapshot of your business. You will want to keep the executive summary short (maximum two pages). The summary is like a cover letter to a resume, it should whet the appetite to read more. Include a brief description of products and services, an outline of the organizational structure and key management team, key initiatives, overview of marketing opportunities, key competitive advantage, financial highlights indicating the amount of financing being sought and for what purpose. You may also want to include a confidentiality statement at the beginning of your document if it will be circulated to many readers.

Your Vision, Mission and Objectives

The **Vision** is your “perfect” dream-come-true projected reality. This is what you want to be when you grow up.

The **Mission** describes clearly what you’re in business to do.

Your **Objectives** are simply factual statements that are measurable. For example: to increase sales by 25% over the next 12 months; to be the largest repair shop in the city; to attract 4 new customers over the next 6 months in my consulting business. What is your Vision and Mission, and what are a few of your key Objectives?

Industry overview

This is the section that discusses the overall size of your industry, key product and market segments, customer buying criteria, types of businesses in the industry, key trends, and the outlook for your industry. The reader should understand the sector, or world in which you’ll operate, where it’s at and where it’s going.

General company description

What are the product or services you’ll offer? Why will people buy your products? How are you unique? How will you produce your products and services – maybe you’ll describe the process involved. Will you offer new things in the next couple of years, or update those you currently offer? What’s your competitive edge in terms of production? Do you have specialized skills, new technology, access to cheaper material, low overhead? If production “edge” is not applicable, leave it out.

Products and services

Describe.

Marketing Plan/Competition/Competitive Analysis/Competitive Advantage

Marketing plan/strategy, including your market definition and opportunity, competitive analysis, competitive advantage, marketing objectives and mechanism to reach your target market.

Management and Organization

Who's in charge and who does what? Banks, in the past, did not spend much time on this area. Today, they're very interested in the qualities and skills of the owners of the business, because they recognize that businesses don't fail, people do. You'll want to clearly outline your organizational structure, roles and responsibilities, expertise and skills, and staffing and labour market needs. This is the place to list your advisors, including your accountant, lawyer and sector "expert" where possible.

Financial Plan

Cash rules! Without a solid cash flow analysis, you can be out of business before you even start. You need to include financial notes and assumptions, cash flow analysis, income statement, balance sheet, start-up costs, operation cash requirements. Many businesses are overly optimistic about revenues and often under-estimate expenses, and this can lead to trouble. Don't fall into that trap!

Conclusion/Endnotes/Appendices

This is where you get to demonstrate the sources of your information...you didn't just pull numbers from the sky. You can add some additional supporting documentation here, including résumés, on key personnel, research sources and any documents (graphs, bar charts, designs, etc.) that support your cause.

How do I get started?

1. Start writing! In point form, and with no analysis or judgment (like in a brainstorming session), start jotting down your ideas, information and research, under the Business Plan topic headings. Let the ideas flow. You'll be amazed at how much of your plan will fall out of these notes.
2. You need to be able to answer these questions:
What need am I fulfilling?
Who is my customer exactly?
How will I get my message to my customer?
Is the customer's need the same as his/her want?
3. Research, research, research! Check out the directories and trade publications, Internet sites, consult with experts, ASK your potential customers and LISTEN to what they say.
4. Set timelines for yourself and commit to them. Get someone to provide critical feedback on your plan, either as you go, or once completed. This is a free service provided by the Orangeville & Area SBEC, as are the business consultations.
5. Contact the Orangeville & Area Small Business Enterprise Centre, 87 Broadway, (519) 941-0440 ext 2286 or ext 2291, or email SBEC@town.orangeville.on.ca for assistance!

Ten tips (taken from "The Business Plan", Deloitte & Touche)

1. Write your own plan
2. Be brief (10 – 20 pages is a good guideline)
3. Write clearly. Avoid industry jargon.
4. Talk about success factors
5. Don't hide the risks.

6. Support your claims.
7. Ensure proper format and consistency.
8. Polish your summary.
9. Look professional.
10. Have someone not involved in your business objectively review your plan and suggest improvements.