

Guide to Writing a Business Plan

Business name

Logo (if available)

Entrepreneur's first and last names

Complete address (if available)

Date of last modification

The purpose of writing a business plan: At its very core, every business stems from an idea. When writing a business plan, we can examine whether or not our idea is feasible. It is often mistakenly believed that the sole purpose of writing a business plan is to obtain funding. In reality, it allows the writer to reflect on and plan the stages of the project while ensuring that it is viable. Be sure to remain objective when evaluating your idea.

General Tips:

- Be creative.
- Modify the style, colors and font.
- **Customize your business plan so that it reflects your image.**
- It is preferable to add sufficient details.
- Do not assume that the reader understands your field; use terms that can be easily understood.



The business plan should be written in the third person. Write on behalf of the company, not yourself or your personal name. Always use a language that is professional and do not add personal comments or opinions.

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1. EXECUTIVE SUMMARY

- The executive summary is a summary of the business plan.
- **This section must be completed once the business plan is finalized.** It aims to encourage the reader find out more about the project.

1.1. The project

1.2. Mission statement

1.3. Project schedule

1.4. Entrepreneur(s)

1.5. Costs and projected financing

1.6. Financial forecasts summary

2. THE PROJECT

2.1. Company history

- In a few sentences, where did the idea for this project come from?
 - A business opportunity
 - Your own passion or interest
 - The desire for self-employment
 - Etc.

2.2. Project description

- Briefly describe the features of your product or service.
- Remain clear and concise.



You can create an annexe for pictures, demos, prototypes or other documents which may help readers to better understand your project. You can also add important images directly into your text.

2.3. Mission statement

- The mission statement captures your company's goals and philosophies.
- It contains a summary all of your company's activities.
- **It should be no more than 4 sentences long.**
- The summary of the mission should answer the four following questions :
 - **What?** Briefly summarize products or services
 - **Who?** Specify which customers are targeted
 - **Where?** Specify the territory covered
 - **How?** Specify how products/services are offered, values
- For example, Rona : "Rona's mission is to provide Canadians with the best products and advice to build and renovate their homes in total confidence."¹

¹ <http://www.rona.ca/corporate/about-us>

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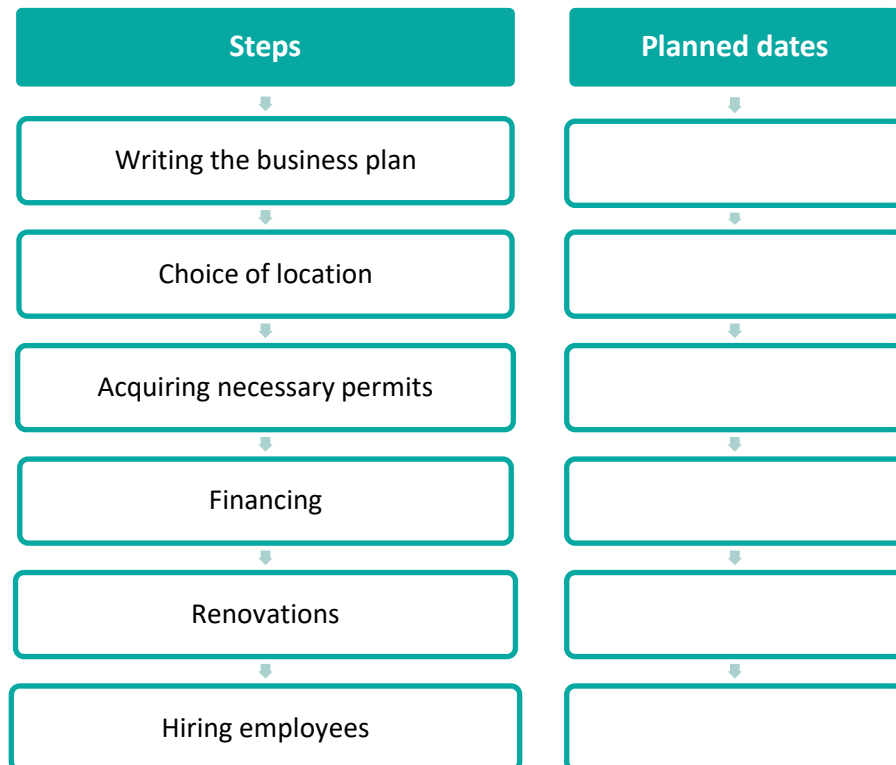
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2.4. Location

- Where is the company located?
- What is (or what will be) its address?
- Is this a rental or a purchase?
- Does the site require modifications or renovations before opening?
- Explain the reasons or criteria that have guided this choice of location.
- Determine the area that is served (municipal, regional, provincial, etc.).

2.5. Schedule

- Make a list of what needs to be done before the company can start making sales.
- List the steps in **chronological order**.
- Examples of steps :



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2.6. Objectives

- Establish goals for the short, medium and long term.
- Goals can be presented as a table or a paragraph.
- A goal can be measurable or qualitative.

Short term less than one year	Medium term 1-3 years	Long term 4 years or more
1.	1.	1.
2.	2.	2.
3.	3.	3.

- Examples of objectives :
 - Inform the target market of the product or service.
 - Make a 30 000\$ salary in the first year.
 - Achieve a breakeven point before the end of the first year of operation.
 - Make a profit of 15 000\$ during the first year.
 - Reach annual sales of 150 000\$ in the second year.
 - Hire employees within 4 years.
 - Reimburse loans within 5 years.



To create a table style like the one above, follow these steps :

- Tab → Insert
- Group Illustrations
- Button → SmartArt

3. THE ENTREPRENEUR (S)

3.1. Presentation of entrepreneur (s)

- This section is used to present the entrepreneur.
- Use this section to describe all of your skills, training, qualifications and previous experience that will add significant value to the success of your business.
- It is presented in a **paragraph** format.
- Do not repeat what is contained in your curriculum vitae.
- The curriculum vitae must be added as an annexe to the business plan.
- Don't forget to keep your text in the third person.

3.2. Personal income statement

- If there are multiple entrepreneurs in the project, include a personal statement for each.
- The personal income statement lists everything the entrepreneur owns (assets) and everything the entrepreneur owes (liabilities).
 - For assets :
 - Enter the market value (present value) of property, stocks and bonds (not the amount paid by the entrepreneur).
 - Enter the assets which will be used by the business (transfer of assets).
 - For liabilities :
 - Enter the balance due on loans, mortgages and other debts.
 - For each loan, write in parentheses the monthly payment or the limit.

Finally, subtract liabilities from assets to determine the net worth: $\text{Assets} - \text{Liabilities} = \text{Net Worth}$.

The words "I declare that the information provided is accurate and complete" should appear at the bottom of the document.

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Entrepreneur Name	
Date	
ASSETS	\$
Financial assets	
Cash balance (in chequing and savings accounts)	
Investments (Certificate of deposit, actions, mutual funds, etc.)	
RRSP	
Receivables (Accrued Interest, etc.)	
Pension plans (RPA, RPDB, RPE)	
Other financial assets	
Subtotal of financial assets	
Personal property (market value)	
Buildings (other than residence)	
Principal residence	
Furniture	
Vehicle	
Boat	
Land	
Other property :	
Subtotal assets	
TOTAL ASSETS	\$
LIABILITIES	\$
Short term	
Lines of Credit	
Credit cards	
Taxes due	
Other debt:	
Subtotal short term liabilities	
Long term	
Vehicle loan	
Personal loan	
Mortgage	
Other mortgage	
Other debts :	
Subtotal long term debt	
TOTAL LIABILITIES	\$
NET WORTH (Total assets – Total liabilities)	\$

I declare that the information provided is accurate and complete.

Signature: _____

Date: _____

4. LEGAL AND ORGANIZATIONAL STRUCTURE

4.1. Legal structure

4.1.1. Legal form

- Sole proprietorship or single-owner
- General partnership (S.E.N.C.)
- Corporation
- Non-profit organization
- Cooperative

If there is more than one owner, it is strongly suggested to have a contract which defines the rights and obligations of each proprietor as well as the manner in which conflicts will be resolved. This business agreement or contract must be annexed to the business plan.

Explain the reasons for the legal structure choice.

- Indicate the date of registration or incorporation. If incorporated, add a copy of the charter in the appendix.



Check the following websites to get more information on the different legal forms :

- www.bdc.ca
- www.registreentreprises.gouv.qc.ca

4.1.2. Distribution of property

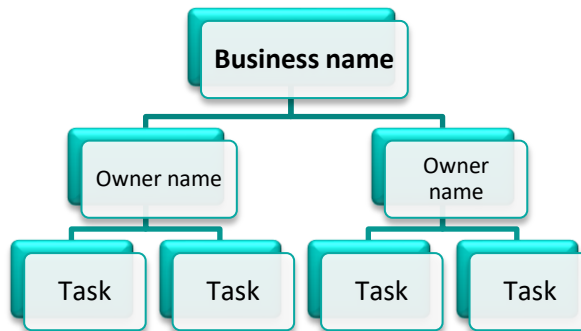
- Identify the company's partners or shareholders.
- What is their status in the business? What is the down payment of each? What is their ownership percentage?

First and last name	Status	Down payment (\$)	Participation (%)
			100 %

4.2. Organizational structure

4.2.1. Organization chart

- This chart is a visual presentation of the operation of the company.
- If there is only one owner, simply remove this item (4.2.1.).



4.2.2. Tasks distribution

- Briefly describe the responsibilities and tasks of each of the business owners.

4.2.3. Support network and resource persons

- Name your contacts that will help you with your business.
 - Accounting
 - Lawyer or notary
 - Mentor
 - Specialist
 - Director
 - Etc.
- Will you rely on other people to help with your business? If so, who are they and how will they help? (For example: marketing, graphic design, etc.)

5. MARKETING

5.1. Market study

5.1.1 Major trends in the sector and global market (potential market share)

Describe the sector of the business as well as major trends that may have an influence on this sector activity.

You must show your knowledge of the market :

- Determine the corporate sector : transport, trade and services, tourism, cultural, etc. then present the general situation of your sector of activity (data in support)
- Highlight the evolution of your business sector in recent years, its current state being in launch, growth, maturity or decline, strengths, weaknesses;
- Target emerging trends (Political, Economic, Sociodemographic, Technological, Ecological, Legal) and their influence;
 - Example:
 - Policies: Your company is targeting the public sector and the next government is threatening to cut spending.
 - Economic: economic strength of your sector of activity.
 - Sociodemographic: new consumption habits.
 - Technological: craze for social media.
 - Ecological: the use of plastic is very poorly perceived by consumers.
 - Legal: this may be a law to come which will be in your favor
- The potential market is the maximum amount of sales that could be achieved by all companies in the sector. Try to quantify the potential market for total annual sales in the target territory. You have to answer realistically. It doesn't help to inflate your numbers, it can only hurt you
- Establish the market share the company wants to acquire.
- How often will customers purchase your product or service?
- What qualities are your customers looking for (price, quality, service, etc.)?

Affirmations should be supported by statistical data and references.

- For example, visit the Quebec and Canada statistical websites.

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5.1.2 Les MOFF (SWOT)

- **SWOT** means Strengths, Weaknesses, Opportunities and Threats and helps a company develop its marketing strategy.
- The SWOT analysis allows for a general development of the company by crossing two types of data: internal and external.
- Internal information taken into account will be the strengths and weaknesses of the company (you can control them).
Examples: you as an entrepreneur with your qualifications, skills, knowledge
- External data will be about threats and opportunities in the vicinity, they could affect your company (you can’t do anything about it).
Examples: environment, market trends, competitors, laws, etc.
- Strengths will form the basis of your strategies, weaknesses (non-exploited strengths) will need to be overcome in order to be successful.

Threats (Menaces)	Opportunities (Opportunités)

Strengths (Forces)	Weaknesses (Faiblesses)

5.1.3. Description of products and/or services

- Describe in detail the products or services and their characteristics.
- Include the expected retail price of the products or services.
- What are the policies for payment, customer service, after-sales service, guarantees, etc.

5.1.4. Territory

- Specify the geographical territory of the target market.
- How large is this territory? What is its population size?

5.1.5. Target market

- Who is your product or service for? (What is their: age, sex, education, income, geographic location, occupation, etc.).
- Specify the territory and what potential it represents (number of people and potential sales).
- Summarize the reasons potential customers will purchase this type of product or service (quality, price, brand, originality, appeal of the product, etc.).
- Describe customer buying habits for this type of product or service (in bulk, specialty shops, discount, online, etc.).
- Always support assertions by statistics and record your references.



Ask yourself the following questions :

- Who makes the purchase?
- Who makes the final decision to buy?
- What is the frequency of purchasing for this type of product?
- Is it an impulsive, routine, reflective, occasional, annual or repetitive purchase?
- Why would clients buy this product or service from you and not someone else?
- Have you established contacts?
- Do you have any potential or acquired contracts?

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5.2. Competition

- Give a detailed description of your direct and indirect competitors.
- Make a comparison of your business relative to your competitors.



Never underestimate your competition.

5.2.3. Direct competitors

- A direct competitor is a company offering a product or service very similar to yours.
- Ex.: If someone wants to open a bakery, all other bakeries in the area are its direct competition.

Name of competitor				
Products/services				
Price				
Localisation				
Publicity and promotion				
Strength				
Weakness				
Other				

5.2.4. Indirect competitors

- An indirect competitor is a business offering a product or service that is different than yours but still meets the same need.
- Ex.: If someone wants to open a bakery, all the other companies that sell breads such as grocery and convenience stores are its indirect competition.

Name of competitor				
Products/services				
Price				
Localisation				
Publicity and promotion				
Strength				
Weakness				
Other				

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5.3. Competitive advantage

- What makes your products or services stand out from those of your competitors?
- What are the reasons a customer would buy your product or service rather than another?
- Competitive advantages are controllable.
- Examples of items that can be competitive advantages:
 - Value/price
 - Warranty on the product or services
 - Technology
 - Delivery
 - Location
 - Customer service
 - Etc.



Always put yourself in your customer’s shoes and remain objective.

6. MARKETING STRATEGY

6.1. Publicity and promotion

	January	February	March	April	May	June	July	August	September	October	November	December	Total
Chambre de commerce Associations													
Networking activities													
Corporate flyer													
Mailing													
Magazine, newspaper													
Presentation folder: Catalogue of products													
Advertising													
Representation													
Demonstration, exposition, formation, etc.													
Internet													
Website , hosting cost													
Others :													
Total													

- What marketing tools will you use to advertise?
- What is the weekly, monthly or yearly marketing budget?
- What are the objectives of your marketing?
- What are the promotional tools?
 - Example: business cards, ads in newspapers, pamphlets, posters, lettering on a vehicle, website, social media, yellow pages, etc.
- What will be the networking activities? (Associations, chambers of commerce, conferences, exhibitions, seminars, etc.)

6.2. Pricing strategy

- What are the prices of your products or services?



Before deciding on your price, it is important to know:

- Your competitor's prices
- Your cost structure (cost and desired profit)
- How much your customer is willing to pay for your products or services
- What is your credit policy?
- Explain how your pricing policy will allow your company to enter the market and maintain its position while generating profits.

6.3. Distribution network

- What is your company's distribution network?
 - Example: Direct sales, distributor, wholesaler, home delivery, etc..?
- What are the deadlines?
- What are the costs?

7. OPERATIONS

7.1. Production

- ⊗ If the company is not production, simply delete this point (7.1.).
- How many orders or customers is your company able to manage per week or per month?
- If it is relevant to the reader, describe the process (steps and methods) of manufacturing your product. Does your company subcontract some of its production?
- Establish a production schedule and a procedure for quality control (if necessary).
- Include a plan of your installations (if necessary).
- Determine your maximum production capacity and the time required to produce one unit of output.

Example: Our business will be able to produce 150 office chairs per day, with a production team of seven employees working eight hours per day. The time required for each chair is 0.37 h.

7.2. Employees and human resources

7.2.3. Job titles and wages

- ⊗ If your business does not have employees, simply delete this point (7.4.).
- If your business will be hiring employees, complete the following table.
- What is the policy for wages?

Job title	Description	Wage Conditions	Statuts (full or part time)	Number of employees

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7.2.4. Workplace conditions

- Will your business need to train its employees? How often?
- Will employees benefit from group insurance and performance bonuses?

7.2.5. Management

- How will staff be recruited?
- How will you supervise your staff?

7.3. Procurement

- Who are your suppliers?
- What are the criteria that have influenced this choice?
Example : Delivery and supply, proximity, price, quality, guarantees, etc.

7.4. Legal aspect

- Describe the permits needed to operate the business.
Examples: Operating permits, zoning regulations, business taxes, etc.



For more information, check out the following website :

www2.gouv.qc.ca/entreprises/portail/quebec?lang=fr

8. SUSTAINABLE DEVELOPMENT

- ⊗ This section may be completed if it is relevant to the company. Otherwise, simply remove this section (8).
- How will your business function within social, environmental and economic dimensions? Demonstrate that these choices help to maintain your own sustainability while having a positive impact on your community.

8.1. Social dimension

8.2. Environmental dimension

8.3. Economic dimension

9. FINANCING AND FINANCIAL FORECASTS

9.1. Project costs and financing

- Determine the cost of your project and how it will be financed.
- **Total cost and total necessary funding must be equal.**

9.1.3. Expenses required for start-up

- Make a list of all the expenses required by your company before you can make your first sale.
 - Examples of expenses :
 1. Assets (Land, building, equipment, furniture, leasehold improvements, patent, incorporation fees, etc.)
 2. Inventory or raw materials
 3. Charges prepaid
 4. The funds needed as cash flow to maintain adequate liquidity for the first year of operations.
- List everything your company already has in the “Acquired” column and what needs to be acquired in the “To acquire” column. Quotes will need to be provided for all material and equipment to be acquired.

Business name			
Start-up costs			
Description	Acquired (\$)	To acquire (\$)	Total
Inventory	7 000 \$		7 000 \$
Equipment		5 000 \$	5 000
Furnishings		2 000	2 000
Technology		1 800	1 800
Leasehold improvements		5 000	5 000
Publicity		4 000	4 000
Cash flow		7 200	7 200
Subtotal	7 000 \$	25 000 \$	
Total cost of the project			32 000 \$

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9.1.4. Financing

- Explain how the business start-up will be financed.
- Plan the various sources of financing that your company expects to obtain as well as which costs the money will be used for.
- The total cost must (above) equal the total funding.

Sources of financing	Description	Amount (\$)
Financial institution	Purchase of equipment, furniture, technology and working capital	16 000 \$
Down payment	Publicity	4 000
FEL loan	Leasehold improvements and publicity	5 000
Transfer of assets	Inventory	7 000
Total funding		32 000 \$

Business name			
Financial plan			
Project cost	\$	Financial sources	\$
Inventory	7 000 \$	Short term loans	
Equipment	5 000	Fonds d'Emprunt	5 000 \$
Furnishings	2 000		
Technology	1 800	Long term loans	
Leasehold improvements	5 000	Financial institution	16 000
Publicity	4 000		
Cash flow	7 200	Asset transfer	
		Cash	4 000
		Transfer of assets	7 000
		Other	
TOTAL COST	32 000 \$	TOTAL FINANCING	32 000 \$

9.2. Basic assumptions used in the preparation of forecasts

- Explain in detail all of the assumptions you made in your cash flow budget.
- Explain how you came to these numbers. Remain realistic and not overly optimistic.
 - Example: According to the market research and analysis of unit cost, the breakeven point (in terms of sales per day) is 4 customers with an average purchase of \$ 100 per client. So for the month of March, the company plans to make sales of \$ 12,000 (4 guests x \$ 100 x 30 days).

9.3. Monthly cash flow statement

- The cash flow statement is a management tool that helps you to plan your business monthly revenues and expenses. It also allows you to determine the level of cash required to ensure that your business can function and has the necessary cash flow needed for the first year of operation.
- Financial forecasts must be made for the first three years of operation.
- Add the cash flow statements to the appendix.
- Note: Start your year the month that your sales begin.



Be realistic in your forecasts, do not overestimate your income and do not overestimate or underestimate your expenses.

9.4. Income statement

- The income statement presents the financial results of a business for a stated period of time.
- It is an annual summary of the cash budget.
- You must present the income statement for your first three years of operations.
- Add the income statement to the appendix.

APPENDICES

Appendix 1: Curriculum vitae

Appendix 2: Monthly cash flow statement

Appendix 3: Balance sheet forecast

Appendix 4: Other documents