

# BUSINESS PLAN

Guide to help  
create a business plan

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# TABLE OF CONTENTS

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## 1 THE PROJECT

1.1 Brief description of the project .....	1
1.2 Legal considerations.....	1
1.3 Insurance .....	6
1.4 Timeline.....	7

## 2 MARKET ANALYSIS

2.1 Target market.....	8
2.2 Target clientele .....	9
2.3 Competition .....	10

## 3 MARKETING STRATEGY

3.1 The product.....	11
3.2 Advertising and promotion.....	11
3.3 Sales .....	12
3.4 Pricing policy .....	12
3.5 Location .....	13
3.6 Distribution network.....	13

## 4 OPERATION AND PRODUCTION

4.1 Equipment .....	14
4.2 Production and quality assurance.....	14

## 5 HUMAN RESOURCES

5.1 Promoters (profile and motivation).....	14
5.2 Contribution of each promoter .....	15
5.3 Work force .....	16

## 6 FINANCIAL PROJECTIONS

(project cost, cash flow budget, earnings statement, balance sheet, etc.) .....	19
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## APPENDICES

**Here are a few examples of appendices that you may find useful to include in your business plan:**

- Personal résumés;
- Personal balance sheet;
- Letter(s) of intent (agreements with suppliers, a distributor, clients, the municipality, etc.);
- Diplomas;
- Estimate(s);
- Sketch(es) or photo(s) of the building, premises, storage space, product, etc.

## ***WHY DO I NEED A BUSINESS PLAN?***

- ✿ A business plan allows you to consider all aspects of the business and analyse your chances of success.
- ✿ A business plan allows the company to consider ways to adequately meet the technological, ecological and financial pressures related to the business world.
- ✿ The reflection, research and seriousness you put into writing your business plan will greatly influence the success of your business.
- ✿ Your business plan should accompany you as long as your business exists; you will constantly need to review, add to and correct it. In a way, it is the blueprint for your business.
- ✿ Don't forget... the secret to your success is planning.



# 1 THE PROJECT

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## 1.1 BRIEF DESCRIPTION OF THE PROJECT

This section must contain a complete overview of your project and include all pertinent information. Briefly describe your proposal and indicate your major line of business.

- 1 Company name (your company name):
- 2 Intended place of business (address of your main office):
- 3 Telephone, fax, cell, e-mail address, etc. (Please leave a number where you can be reached before and after your business is off the ground.):
- 4 Promoters, partners or associates in this proposal (Include the names of each as well as their percentage share in the company.):
- 5 Project summary (Who? What? How? Where?):
- 6 Company mission (This is a one-sentence statement—maximum one paragraph—indicating the purpose of your company or organisation. For instance, Google's mission is to organise information available throughout the world and make it universally accessible and useful.)
- 7 Company objectives (What are your short term goals: 6 months – 1 year, long term: 2 years – 3 years).

## 1.2 LEGAL CONSIDERATIONS

State the legal format you've chosen and explain the reasons for your choice (since there are legal consequences to this choice, we recommend you consult a lawyer and an accountant to make sure you start out right). Here is a brief explanation of the various legal forms taken from the book *Accounting 1* by Meigs, Meigs, McMahon, a useful guide to help you make your decision (unofficial translation).

### **Single proprietorship**

A business that has no shareholding partners and is owned by a single individual is known as a single proprietorship. This type of entity is better adapted to small retail stores, service businesses, farmers, lawyers, doctors and accountants. The individual who owns a business of this type is not tied to a legal form. He must, however, obtain a permit and pay the required fees to the authorities.

From a legal standpoint, a single proprietorship is not separate from its owner. Therefore, the owner is personally responsible for the debts of his business. If the latter becomes bankrupt, the creditors can force the owner to sell all his personal goods to pay off the debts. On the other hand, from an accounting perspective, a single proprietorship's business must be handled separately from that of its owner on the principle of a business being a distinct entity.

## **General partnerships**

A general partnership is a business established for the joint benefit of two or more partners or associates and to which each partner or associate contributes his goods, credit, know-how and hard work. The contract may be oral or written, but a written contract is preferable to keep disagreement between partners to a minimum.

General partnerships are usually small businesses that are established as partnerships. However, large chartered accountancy firms are normally established as general partnerships. As is the case with a single proprietorship, a general partnership is not a legal entity separate from its associates, which explains why the associates are personally (jointly and severally) responsible for the partnership's debts. From an accounting perspective, however, a general partnership is an entity whose business must be kept separate from that of its associates.

## **Corporations**

A corporation is a distinct legal person and as such is separate from its shareholders.

From a legal standpoint, a corporation is a separate person and as such, benefits from all the rights and assumes the same responsibilities as an individual, except for those rights that only a natural person can have. Owners of a corporation are its shareholders, that is, the people who own the share capital.

## **Cooperatives**

A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise. (It is, in other words, a business organisation owned and operated by a group of individuals for their mutual benefit)

Even if a cooperative is, in some respects, similar to a corporation, it is clearly different in terms of ownership, participation in power and the distribution of surpluses. There are five forms of cooperatives each with its own particularities (see the table "Cooperatives").

	<b>Single proprietorship</b>	<b>General partnership</b>	<b>Corporation</b>	<b>Cooperative</b>
<b>Name</b>	Usually the name of the enterprise is that of its proprietor. If another name is used, it is followed by the word "enr."	The name is that of either the enterprise itself or that of the associates. The word "enr." is only used when the enterprise's name includes the name of a person who is no longer an associate. (SENC)	Only an incorporated enterprise can add the words "limited", "ltd.", or "inc." to the end of its name	Only an incorporated cooperative can add the words "limited", "ltd.", or "inc." to the end of its name; in all other cases, the rules are the same as those governing partnerships.
<b>Legal procedures</b>	Simple and quick	Relatively simple	More complex	Complex
<b>Establishment</b>	Complete a provincial government form declaring the name of your company	Created by means of a verbal or written agreement between the parties involved and registered. The required permits and licences need to be obtained from the province or the municipality.	Obtain an incorporation charter	Same rules as for partnerships or proprietorships.
<b>Cost of procedures</b>	Low (about \$40)	Moderate to high (\$41 to register the company name and more than \$200 for the associate's contract)	Moderate to high (initial costs of about \$400 plus notary fees of about \$1000 to \$2000)	Moderate
<b>Jurisdiction</b>	That of the province or territory in which the enterprise operates	That of the province or territory in which the enterprise operates	Can be incorporated under federal or provincial law	Can be incorporated under federal or provincial law

	<b>Single proprietorship</b>	<b>General partnership</b>	<b>Corporation</b>	<b>Cooperative</b>
<b>Financing</b>	The owner must count on his own assets and his own borrowing capacity.	All the associates use their personal capital and their borrowing capacity.	Can recruit investors (issue shares and bonds).	Can enter the members' investment as a social share, a loan or any combination of the two.
<b>Advantages</b>	<ul style="list-style-type: none"> <li>• Confidential nature</li> <li>• Freedom to take action and make decisions</li> <li>• All profits go to the same person.</li> <li>• Losses can be deducted</li> </ul>	<ul style="list-style-type: none"> <li>• Confidential nature</li> <li>• More human resources and skills pooled for the benefit of the enterprise</li> <li>• Losses can be deducted.</li> </ul>	<ul style="list-style-type: none"> <li>• Limited financial responsibility</li> <li>• Long-term survival of the enterprise</li> <li>• More advantageous tax rate</li> <li>• Easy to take control</li> </ul>	See other table concerning cooperatives
<b>Disadvantages</b>	<ul style="list-style-type: none"> <li>• Bankruptcy leads to the bankruptcy of the owner.</li> <li>• High taxation rate</li> </ul>	<ul style="list-style-type: none"> <li>• High taxation rate</li> <li>• Authority is divided, conflict between associates is possible.</li> <li>• Bankruptcy leads to the bankruptcy of the owners.</li> <li>• Responsibilities are held jointly and severally.</li> </ul>	<ul style="list-style-type: none"> <li>• Requires the assistance of professional resources (taxes, financial statements, legal documents)</li> <li>• Governmental and administrative constraints</li> </ul>	See other table



<b>TYPE</b>	<b>MEMBERS</b>	<b>DESCRIPTION</b>	<b>ADVANTAGES</b>	<b>PARTICULARITIES</b>		
<b>Workers' cooperative</b>	At least 3 workers	In this form of cooperative, the members are both the owners and employees (worker-owners)	<ul style="list-style-type: none"> <li>Sense of ownership</li> <li>Eligibility for employment insurance</li> <li>Legal workers' entity</li> </ul>	<b>Fiscal advantages</b> <ul style="list-style-type: none"> <li>RIC* 125% (provincial)</li> <li>RESP-coop 100% (prov. fed.)</li> </ul>		
<b>Shareholding workers' cooperative</b>	At least 3 workers	In a cooperative of shareholding workers, the workers hold some of the shares in the enterprise that provides work for its members;	<table border="1"> <tr> <td> <b>Enterprise</b> <ul style="list-style-type: none"> <li>Planned succession</li> <li>Increases staff productivity</li> <li>Increases staff motivation</li> </ul> </td> <td> <b>Enterprise</b> <ul style="list-style-type: none"> <li>Pension fund</li> <li>Minimal after-tax cost</li> <li>Job consolidation</li> </ul> </td> </tr> </table>	<b>Enterprise</b> <ul style="list-style-type: none"> <li>Planned succession</li> <li>Increases staff productivity</li> <li>Increases staff motivation</li> </ul>	<b>Enterprise</b> <ul style="list-style-type: none"> <li>Pension fund</li> <li>Minimal after-tax cost</li> <li>Job consolidation</li> </ul>	<b>Fiscal advantages</b> <ul style="list-style-type: none"> <li>RIC* 125% (provincial)</li> <li>REER-coop 100% (prov. fed.)</li> </ul>
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<b>Producers' cooperative</b>	Natural, legal persons At least 5 participants	This type of cooperative brings together participants who enjoy economic benefits by obtaining goods and services from their cooperative that they need for the exercise of their individual professions or the operation of their individual enterprises;	<ul style="list-style-type: none"> <li>Marketing of goods and services produced by members, directly or after processing</li> <li>Supply of better-quality goods and services at better prices</li> </ul>	<b>Fiscal advantages</b> <ul style="list-style-type: none"> <li>RIC* 125% (provincial)-conditional</li> <li>REER-coop 100% (prov. fed.)</li> </ul>		
<b>Consumers' cooperative</b>	Natural, legal persons At least 5 participants	This type of cooperative provides goods and services to their members for their personal use.	<ul style="list-style-type: none"> <li>Better-quality goods and services at better prices</li> </ul>	<b>Fiscal advantages</b> <ul style="list-style-type: none"> <li>REER-coop 100% (prov. fed.)</li> </ul>		
<b>Solidarity cooperative</b>	Users (natural and legal persons) Workers (natural persons) Supporters (natural and legal persons) At least 5 participants There can be only 2 membership categories	In the case of a solidarity cooperative, workers and users with a common interest that can join forces so as to meet their needs or aspirations. In addition, any other person or enterprise interested in seeing the cooperative attain its objectives can join as a supporting member.;	<ul style="list-style-type: none"> <li>Offers its "user" members services for their personal and professional uses</li> <li>Offers its "worker" members jobs and control over their work conditions</li> <li>A focus on integration (more than one membership category)</li> </ul>	<b>Fiscal advantages</b> <ul style="list-style-type: none"> <li>RIC* 125% (provincial)-conditional</li> <li>REER-coop 100% (prov. fed.)</li> <li>Eligibility depends on the sector of activity and the category of members</li> </ul>		

\*RIC: Régime d'investissement coopératif  
- The CDRGIM offers its support to people seeking to establish a cooperative.

For information:  
**Coopérative de développement régional Gaspésie - les îles**  
114F Boul. Perron Ouest, P.O. Box 3122  
New Richmond (Québec) G0C 2B0

You must check to see whether your business is subject to a decree—for instance, construction companies require permits; you will also have to comply with federal, provincial or municipal legislation. Make sure you get the information you need!




- Chosen legal form:
- Registered single proprietorship (1 owner, not separate from owner)
  - Partnership (many owners, not separate from owners)
  - Corporation (legal person, separate from owner(s))

Legislation governing the operations of your company:

Here are a few examples of different types of companies and the ministries, departments or agencies where you can inquire about obtaining a permit and its annual cost:


Type of company	Responsible agencies
Inn, cottage, hotel, etc.	Tourisme Québec; Ministère de l'Agriculture, des Pêcheries et Alimentation du Québec; Régie des alcools des courses et des jeux, etc.
Car dealership	Société de l'assurance automobile du Québec
Gaming machine company	Régie des alcools, des courses et des jeux
Film and video company (sale, rental, screening)	Régie du cinéma
Commercial fishing	Ministère de l'Agriculture, des Pêcheries et de l'Alimentation du Québec; Direction du développement et des activités régionales
Restaurant, cafeteria, canteen, snack bar	Ministère de l'Agriculture, de Pêcheries et de l'Alimentation du Québec
Health studio	Office de la protection du consommateur
Building painter	Régie des bâtiments du Québec

Your business:

-  Federal government registration and permits (taxes, permits, etc.) and the related annual cost;
-  Provincial government registration and permits (Québec company number, Régie des alcools, des courses et des jeux, etc.) and the related cost;
-  Municipal government registration and permits (zoning bylaws, building permits and construction standards, operating permits, sign permits, etc.) and the related cost.

### 1.3 INSURANCE

This refers not only to fire, theft or liability insurance. If you have partners, you must ask your insurance agent to explain the advantages of partners' insurance. If one partner becomes ill or dies, you must be protected against the loss of business or have the necessary funds to buy back that partner's share from his heirs. In this case, a notary or lawyer will prove useful in advising you on the necessary precautions so as to avoid tricky situations. Moreover, it is extremely important to find out if the building and machinery are insurable.

-  Insurance needed to operate the company (append an insurance bid if possible) and what the annual cost might be.

## 1.4 TIMELINE

List the main steps you need to take to achieve your project, taking into account the time needed to obtain certain permits, to have your line of credit approved, etc.

<b>Steps</b>	<b>Date</b>
Business plan	
Financing	
Incorporation	
Choice of location, rental of premises	
Purchase of equipment, machinery, etc.	
Fitting-out of the premises	
Company opening	
Operation and production	
Other	

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## 2 MARKET ANALYSIS

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Your entire business strategy will be based on this market analysis. The reason you're going into business is because you think there is a market or an unaddressed need for your product.

You must, therefore, know what needs you want to satisfy, whose needs, how you will meet those needs, at what price and who your potential competitors are.

Where to get information:

- 🌸 Statistics published by the Bureau de la Statistique du Québec and Statistics Canada available in many libraries or on the Internet at: [www.statcan.ca](http://www.statcan.ca);
- 🌸 Business or specialised magazines;
- 🌸 Your town hall;
- 🌸 SADC de Gaspé
- 🌸 Individuals active in the sector in which you want to become involved; they include merchants' associations, wholesalers, representatives, etc.
- 🌸 Suppliers
- 🌸 Potential clients
- 🌸 Chambre de Commerce et de Tourisme de Gaspé

### 2.1 TARGET MARKET

Specify your type of business. Define the customers you wish to gain. The strategies used to reach government markets are not the same as those used to reach consumer markets. Your target market includes all current and potential buyers of your product. It is important to be familiar with all aspects of your specific market: this includes the related trends, development, strengths and weaknesses.

Within the broader market, determine the specialty you wish to develop and explain your choice. Describe your products, their use and show how they are different and to which customer needs they correspond.

Your efforts must be centered on a target customer. A new business cannot meet all the needs of all customers. A business just starting up does not have the resources (personnel, financial, etc.) it would need to address all the needs of the market segment it would like to focus on. So you have to be sure that your target clientele offers the potential to generate enough sales to allow you to earn a living.

- 🌸 Type of business (food, clothing, car, etc.)
- 🌸 Types of market:
  - Consumer market (direct sales, including door-to-door)
  - Retail market (a business where the customer comes to you)
  - Industrial market
  - Resale market (distributors, wholesalers)
  - Government market (not-for-profit groups such as the SADC)
- 🌸 Market trends and development (In which direction is this market moving? Is it developing or declining?);
- 🌸 Strengths and weaknesses of this market (growth, maturity or declining, market development, black market?);

- 🌸 Consumers' needs (What needs do you wish to fill and what motivates you to address this need?);
- 🌸 Description of product or service (a drawing or a photograph is always appreciated);
- 🌸 Product advantages (Why would a customer go to you, why would he come back?).

## 2.2 TARGET CLIENTELE

It is very important to target your clientele. You have to know who your product or service is for.

If your target market is consumer driven, you must identify these consumers by age groups (e.g. 15 to 25, children, 55 and over), gender, revenue, buying habits. For example, you must know if it is important for your business to be close to homes, the type of store used for the purchase of this type of product or service, etc.

If you are aiming for a commercial market, you must know the main areas of activity of your clientele, their location, their turnover, the number of employees, their particular needs, their sales methods, etc.

You must also know the purchase criteria and the importance attached to the product or service, the frequency of purchase and the cost the customer is prepared to pay.

- 🌸 Describe the target clientele (age, gender, revenue, religion, etc.);
- 🌸 Indicate location of the target clientele (neighbourhood, city, RMC, province);
- 🌸 Show entire target clientele on the sales map (consult suggested sources).

### Percentage of this clientele likely to become your customers:

- 🌸 Estimate of total sales for the first year of operation (What percentage of the potential market do you count on reaching? The number of customers or contracts per year?);
- 🌸 Estimate of frequency of purchase by the same customer (Number of times the customer buys this product or service each day, week, month or year);
- 🌸 Estimate of potential revenue (the number of potential customers in the given area, multiplied by the average expense per customer, per year):

Number of customers in the given area:		_____
		X
Average expense per customer, per year		_____
		=
<b>Potential revenue</b>		_____

## 2.3 COMPETITION

You must know your competitors and their strategies, do not underestimate their strengths or their capabilities.

Study their strengths and their weaknesses in terms of production and distribution, their suppliers, turnover, clientele, advertising, pricing policy, the services offered and the quality of their product or service.

### **Direct competitors**

- 🌟 Businesses that offer the same product or service as you do, indirect competitors offer similar products or services;
- 🌟 Direct competitors, their location and number of years in operation;
- 🌟 Strengths, weaknesses and market share of each competitor.

### **Indirect competitors**

Example: If you open a bakery and sell cakes, pies and/or bread, your direct competitor is the bakery in your neighbourhood. However, your indirect competitors are the grocery and convenience stores that also sell cakes, pies and bread.

Indirect competitors offering substitute services and their impacts.

### **Potential competitors**

Determine the competition's future plans that could rival your product or service (What could your competitors do to further compete with your product or service?);

Based on your study, show and justify the position of your product or service in the target market and its position with respect to the competition.

## 3 MARKETING PLAN

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The primary aim of a marketing plan is to determine how to reach people likely to buy your product or service. The marketing plan will help you establish your priorities.

At the beginning of your business plan, you had to define your business proposal. With the market study, you now know if there is a place for your product or service or if it is better to focus your efforts elsewhere.

Your research has allowed you to identify your target clientele, and by the same token, know your competitors. Don't forget; if you are not frank with yourself, you're the one who will get hurt... we all have competitors!

Now the marketing plan will allow you to establish and plan the methods you will use to reach your future customers.

### 3.1 THE PRODUCT

You must define the physical aspect of your product (its shape, packaging), the name and brand under which it will be sold, after-sale service and the guarantee. You must study what will encourage customers to use these products or services.

- ✿ Detailed description of the product or service from a sales perspective, its qualities and characteristics according to the need of the target market segment;
- ✿ Product presentation (shape, packaging, colours);
- ✿ After-sales service and guarantee (What type of after-sales service are you offering? How long is your guarantee and what will it entail?);
- ✿ Characteristics of your product compared to that of the competition (Is your price lower or higher than the competition's? Is your product more attractive? Is it more useful than that of your competitors? Is it easier to maintain?).

### 3.2 ADVERTISING AND PROMOTION

There are many ways to reach your customers. It's a question of choosing the method that is most appropriate for your product, budget and the customers you wish to reach. Here are a few examples of advertising and promotional tools:

- ✿ Telemarketing
- ✿ Mailings
- ✿ Direct sales
- ✿ Media advertising
- ✿ Pamphlets, samples
- ✿ Newspapers, radio, television
- ✿ Yellow pages
- ✿ Billboards
- ✿ Social networks (Facebook, Twitter, etc.)

Study your surroundings; what are the listening habits of your customers. If most of them work and travel by car, they must listen to the radio early in the morning and in the evenings between 5 and 6 pm. If your market is mainly business, ask which newspapers and magazines are more widely read (Les Affaires, PME, etc.). It is very important to match the type of advertising to your market so as to reach the largest percentage of customers possible while keeping within your budget.

- 🌟 Methods used to reach customers (Advertising tools and media for example, newspaper, radio, television, etc.):
- 🌟 How often will you broadcast or publish (For example, how often will you advertise in the newspapers? When will you broadcast: summer, winter, etc.):
- 🌟 Cost of promotional tools and chosen media (Specify the cost of each medium chosen). You can append a bid:

Advertising budget:

First year	\$ _____
Second year	\$ _____
Third year	\$ _____

### 3.3 SALES

Sales objectives (What are your sales objectives according to your target market? What are your goals?) You can refer to section 2.2:

### 3.4 PRICING POLICY

Now you have to determine your price by taking into account marketing and profitability. Your pricing policy must allow you to enter the market and ensure you of a profit. This analysis is also very important and you must carefully assess the situation since the survival of your business depends on it. A cost analysis is essential to your pricing policy since it will help you ensure the highest degree of profitability.

Cost analysis is also important when it comes to determining a discount and credit policy. If you grant credit for 60 or 90 days, make sure you have the funds you need to be able to assume your accounts receivable for that time. Your discount policy, if you have one, could be a component of your promotion strategy.

- 🌟 Cost of your product versus the competition's price::  
How to set the price:
  - 1- **Sale price:** this is what the product costs you plus a certain percentage that you can set (cost price + 20%); and
  - 2- **Comparison with the competition:** your price should be about the same as that of the competition.



### 3.5 LOCATION

You have to know where you wish to locate. Your selection criteria must take into account how close you are to your customers, accessibility, surface area required, municipal laws and bylaws, cost associated with this location (cost, taxes, transportation, etc.)

Here are a few points to help you choose a location taken from the pamphlet “*Your Business*” issued by the Royal Bank.

- ✿ Be sure the location chosen complies with zoning bylaws. Check with the municipality to make sure that the address is in a commercial zone.
- ✿ Make sure the chosen site meets your physical needs. You must have enough space to conduct business comfortably and to expand. Moving during the first year of business is not recommended.
- ✿ Be sure the rent is reasonable and meets your budget. Even if your image is important, do not spend too much money on it.
- ✿ See how cooperative your landlord is. It is to your advantage if he gives you some latitude if you need to cancel your lease.
- ✿ If your business needs walk-in traffic, locate near complimentary or comparable businesses. Notice how fast food outlets and car dealerships are usually in the same neighbourhood and that drugstores are often located in medical buildings.
- ✿ Be sure the location is easy to reach. Your business can be located on a busy road but then there is almost no way a car can stop without making a detour.
- ✿ Criteria in choosing a location (How large a space do you need? What are you willing to pay? Is it busy? Are the taxes high?).
- ✿ Municipal zoning for the chosen building (What are the zoning bylaws that apply to your building? Does the zoning bylaw allow a business in that neighbourhood?, etc.:

### 3.6 DISTRIBUTION NETWORK

Show how your product is made available (direct sales, distributors, wholesaler, etc.) If you are a retail business, this does not apply, but if you are a manufacturer, describe your distribution network and explain that choice.

- ✿ Distribution network used (direct sales, distribution, wholesaler):
- ✿ Delivery date (How long will you have to wait before receiving your products?)

## 4 OPERATION AND PRODUCTION

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Some of the questions in this section of the plan apply only to manufacturers. However, the questions involving equipment and layout of the premises are pertinent to all types of businesses.

### 4.1 THE PRODUCT

Now you must assess two possibilities regarding your equipment: purchase or rental.

You also need to consider the technologies used, manufacturing processes, patents, commercial agreements, technology transfer and licensed production.

### 4.2 PRODUCTION AND QUALITY ASSURANCE

If your company is a manufacturing business, describe the procedures and steps of production as well as the raw materials needed. You must also be able to estimate the production capacity of your business and establish quality control methods.

As for naming your suppliers, this point applies to all businesses since it is good to know where you can get the merchandise, the delivery date and terms of sale.

- 🌱 Processes, manufacturing steps and production time for each product (What steps does your product go through before being ready for sale? How much time is needed to make a sample of your product?)
- 🌱 Seasonal changes and method of coping with them (seasons or current events can affect sales and operation costs)
- 🌱 Raw materials needed (What materials are needed to make your product?)

## 5 HUMAN RESOURCES

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### 5.1 PROMOTERS

This section will identify the promoters and their personal connection to your proposal (investment, experience and education) as well as their role within the business.

At this point, the reader knows your business plan; we are familiar with your proposal, but who are you and the other promoters?

What are your talents, knowledge and expertise? What are your strengths and weaknesses? How will you use your strong points, how will you overcome your weaknesses?

## Résumés

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone: \_\_\_\_\_

Fax: \_\_\_\_\_

E-mail: \_\_\_\_\_

**Education** (Courses, higher education starting with the most recent)

**Work experience**

**Other pertinent information**

**Add the résumés of the other promoters, if applicable.**

## 5.2 CONTRIBUTION OF EACH PROMOTER

- 🌸 Each promoter's financial input (How much money or assets will each partner bring into the business?);
- 🌸 Task distribution of those in charge and the knowledge each person needs to carry out his/her duties;
- 🌸 Strengths and weaknesses of the directors and methods used to overcome their weaknesses.

### Shareholders' (or associates') agreement

For the protection of each shareholder or associate, it is important to agree on and set down in writing all the assets each person contributes to the business. This includes not only moveable and immovable assets but also the tasks that each carries out. All this information must be compiled in a document known as the *shareholders' (or associates') agreement*. This agreement must also stipulate how earnings will be distributed amongst the shareholders or associates. It must be drafted as prescribed in the Civil Code of Québec. Corporate law attorneys are specialised in drafting such documents.

Business objectives pursued by the directors (for example, your objectives can focus on the quality of your product, on good customer service or increasing your sales, etc.).

Means used to reach these objectives (you can set regulations, control your quality to make sure your product is of the best possible quality, improve behaviours to ensure the best customer service, etc.).

### 5.3 WORK FORCE

Describe each job and indicate the number of people required to do each task. Your market analysis should help you determine what the market allows as a typical salary level for those jobs. In order to have a good team and especially to keep it, you must offer salaries and benefits comparable to those offered by the competition. Training new employees can be a costly matter so it's important to plan human resources thoroughly.

Job description: \_\_\_\_\_

Number of people required: \_\_\_\_\_

Hourly rate: \$\_\_\_\_\_/hr

Number of hours / week: \_\_\_\_\_

Cost: \_\_\_\_\_

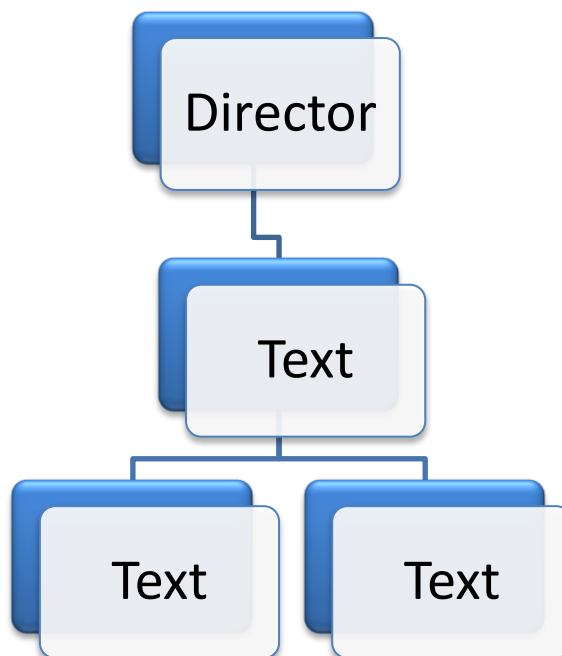
#### **Work force requirements**

At start-up of business: \_\_\_\_\_employees

After 6 months: \_\_\_\_\_employees

After 1 year: \_\_\_\_\_employees

Add a chart to provide a quick picture of the hierarchy of your company:



## 6 FINANCIAL PROJECTIONS

This last section will allow you to translate your business proposal into monetary terms. It will assess its profitability and cost, and will suggest a method of financing.

Your projection must be as realistic as possible. You must be certain to be able to overcome difficult times. If you are presenting your business plan with an eye to obtaining financial support, keep in mind that the people who will be studying it do this type of analysis all day long. So the more complete the financial section and the more thoroughly you've prepared everything, the greater the likelihood that you will be taken seriously by those who must often judge by what they see on paper.

### Costs and financing of the proposal at start-up

Costs		Financing	
Working capital		Down payment (cash)	
Start-up cost		Transfer of assets	
Furniture, equipment		Non-refundable contributions	
Vehicle		Loans (long-term, other partners)	
Building		Etc.	
Etc.			
<b>Total</b>		<b>Total</b>	

### Required funds at start-up

Draw up a list of costs you will incur to start up your proposed business: notary fees, bank fees, transfer taxes, accounting fees, evaluation costs, building inspection; deposits for Telus, Hydro-Quebec, etc. You will then know how much money you need to begin your operations.

Now that you know how much you will need to begin, you can complete this section which is an assessment of the start-up proposal.

With the help of your business plan, you will determine the funds you will need to purchase merchandise, equipment and a building as well as how much it will cost to improve the building so that it suits your needs, etc. Don't forget to include your own assets that you wish to invest in your business. These will become a part of your start-up fund.

# APPENDICES

**ABC ENR.**  
**INCOME STATEMENT (PROJECTION)**

	<b>First Year</b>	<b>Second Year</b>	<b>Third Year</b>
<b>INCOME</b>			
<b>Cost of goods sold</b>			
Inventory, beginning of year			
Materials and supplies			
Inventory, end of year (subtract)			
<b>Total of goods sold</b>			
<b>Gross income (loss)</b>			
<b>EXPENSES</b>			
Withdrawals – promoter			
Benefits – promoter			
Salaries – employees			
Employee benefit			
Rent			
Heat and electricity			
Permits, business taxes			
Insurances			
Advertising and promotion			
Representation			
Travel expenses			
Telephone			
Office supplies			
Professional fees			
Short-term interest charges			
Long-term interest charges			
Depreciation of equipment			
Miscellaneous			
<b>Total Expenses</b>			
<b>NET INCOME (LOSS) BEFORE TAXES</b>			

**ABC ENR.**  
**BALANCE SHEET**

	____ (month) 20____	____ (month) 20____	____ (month) 20____
<b>ASSETS</b>			
<b>Short-term assets</b>			
Ready cash			
Accounts receivable			
Inventory			
<b>Fixed assets</b>			
Land			
Building			
Vehicles			
Furniture and equipment			
Rental improvements			
<b>Total fixed assets</b>			
Less: depreciation			
<b>OTHER ASSETS</b>			
<b>TOTAL ASSETS</b>			
<b>LIABILITIES</b>			
<b>Short-term liabilities</b>			
Accounts payable			
Accrued debts			
Short-term loans			
<b>Long-term liabilities</b>			
Long-term loans			
Mortgage			
Other			
<b>Total liabilities</b>			
<b>Owner assets</b>			
Start-up balance			
Plus contributions			
Plus grants			
Plus undivided profit			
<b>TOTAL LIABILITIES AND OWNER ASSETS</b>			



**ABC ENR.**

**ESTIMATED BUDGET (FIRST YEAR)**

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
<b>Ready cash at beginning</b>												
Returns												
Loans												
Grants												
<b>TOTAL</b>												
<b>Expenditures</b>												
Fixed assets												
Purchase of stocks												
Deductions – promoter												
Employee salaries												
Benefits												
Rent												
Heat and electricity												
Permits, business taxes												
Insurances												
Advertising and promotions												
Representation												
Travel expenses												
Telephone												
Office supplies												
Professional fees												
Line of credit, short-term loans												
*Interest												
*Capital												
Line of credit, long-term loans												
*Interest												
*Capital												
<b>TOTAL</b>												
<b>Ready cash at end</b>												

**ABC ENR.**

**ESTIMATED BUDGET (SECOND YEAR)**

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
<b>Ready cash, at beginning</b>												
Returns												
Loans												
Grants												
<b>TOTAL</b>												
<b>Expenditures</b>												
Fixed assets												
Purchase of stocks												
Deductions – promoter												
Employee salaries												
Benefits												
Rent												
Heat and electricity												
Permits, business taxes												
Insurances												
Advertising and promotions												
Representation												
Travel expenses												
Telephone												
Office supplies												
Professional fees												
Line of credit, short-term loans												
*Interest												
*Capital												
Line of credit, long-term loans												
*Interest												
*Capital												
<b>TOTAL</b>												
<b>Ready cash at end</b>												

**ABC ENR.**

**ESTIMATED BUDGET (THIRD YEAR)**

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
<b>Ready cash at beginning</b>												
Returns												
Loans												
Grants												
<b>TOTAL</b>												
<b>Expenditures</b>												
Fixed assets												
Purchase of stocks												
Deductions – promoter												
Employee salaries												
Benefits												
Rent												
Heat and electricity												
Permits, business taxes												
Insurances												
Advertising and promotions												
Representation												
Travel expenses												
Telephone												
Office supplies												
Professional fees												
Line of credit, short-term loans												
*Interest												
*Capital												
Line of credit, long-term loans												
*Interest												
*Capital												
<b>TOTAL</b>												
<b>Ready cash at end</b>												