



Business Plan
Formatting
Checklist

Turn Your Day Dream into Your Day Job!

There is no better time to start or grow a small business in BC. With small businesses accounting for 98% of all businesses and employing over one million people in BC in 2006. We want to celebrate entrepreneurs' winning ideas by hosting our Fifth Annual Business Plan Contest.



Founded in 2003, the annual provincial-wide Business Plan Contest (BPC) is free to enter and open to all new and existing small businesses. The purpose of the BPC is to celebrate and provide recognition to small businesses significant economic and social contributions in British Columbia. By honoring these entrepreneurs we hope to offer increased visibility for their businesses and provide opportunities to advance their business networks.

Visit the website www.bizplancontest.ca
for contest details, prize list,
and entry information!

Guidelines for Preparing a Good Business Plan

1. Define your objectives for producing the business plan.

Who is going to read the plan and what do you want them to do? The objectives can help you decide how much emphasis to put on various sections of the business plan.

2. Allocate enough time and resources to thoroughly research your business plan.

A business plan is only as good as the research that went into producing it. For example, you will have to do research in order to find out more about: your industry, your potential customers, your potential competitors, and your potential sales and costs.

3. Show drafts of your business plan to others.

It can be very useful to get feedback on your draft business plan from various people, including people associated with the business and others.

4. Write your own business plan.

One common mistake made by entrepreneurs is to copy too much information from a sample business plan and simply change the names and some of the numbers. There are two big problems with this approach. First, the emphasis you place on various sections of the business plan must reflect what is important in your particular business.

Second, a good business plan should flow together like a good story; with the sections working together to demonstrate why the business will be successful. Business plans which borrow too much information from other business plans tend to be disjointed, with some sections contradicting others and some key issues being overlooked.

5. Outline the key points you want to make in each section before you start writing.

Review your outline to ensure that your sections are consistent with each other, that there is no duplication, and that all the key issues have been covered.

6. Make sure your financial projections are believable.

For many readers, the financial section is the most important section of the business plan because it identifies your financing needs and shows the profit potential of your business. A good financial plan will also give the reader confidence that you really understand your business.

Be sure to test how reasonable each of your expectations are. If you are overly optimistic or fail to take into account the full costs of running your business, your business plan will not be credible.

7. Complete the Executive Summary last.

The Executive Summary can be the most important section of your business plan because people will read it first and it may be the only section they read. The keys to a good Executive Summary are that it should be short (2 pages at most), it should highlight what is important in your plan, and it should get the reader excited about your business.

Business Plan Format Checklist

The following Business Plan Format checklist is meant as a guideline only listing the sections of the business plan in the order in which they will likely appear in your completed business plan

1) The Executive Summary	<input type="checkbox"/>
<p>An Executive Summary is devoted to summarizing the key points of your business plan in one or two pages. The Executive Summary is important to capture the reader's attention (potential lender or investor). Make sure it sells your idea so the reader will retain interest and continue reading. Your Executive Summary is a maximum one page summary of the highlights covered in your plan including:</p> <ul style="list-style-type: none"><input type="checkbox"/> Description of your company (nature of business and market area) and product/service<input type="checkbox"/> Competitive Advantage and "Bottom Line" in a nutshell<input type="checkbox"/> Proposed sources and uses of funds	
2) Products and Services	<input type="checkbox"/>
<p>The Products and Services section should describe what you sell and how you differentiate your products / services mix from other competitive offerings. It provides detail on what your business does and begins to describe how it will generate revenue.</p>	
3) Market Analysis	
<p>The Market Analysis section will provide an overview of the industry that the business will be a part of, primary and secondary target markets and investigation of your direct and indirect competitors. It should include the following subsections:</p>	
3.1) Market Research	<input type="checkbox"/>
<p>The Market Research section provides a summary of all information you referred to in order to determine that there is a demand for your product/service. Particularly important section for start-up businesses or new products/services are the research and it should include the following subsections:</p> <ul style="list-style-type: none"><input type="checkbox"/> Secondary Research - This includes information from second-hand sources, including books, magazines, government sources, Internet, etc.<input type="checkbox"/> Primary Research - Information you collect firsthand, including personal interviews and discussions, surveys, etc.	

3.2) Industry Analysis

The **Industry Analysis** provides trends, major players in the industry, and estimated industry sales. It also examines:

- Total industry size (revenue generated, number of companies, etc.)
- Growth potential and factors influencing the industry growth
- Standards and regulations affecting the industry
- Common costs and profit margins
- Industry trends, including opportunities and threats trends, major players in the industry, and estimated industry sales.

3.3) Customer Analysis

The **Customer Analysis** examines the primary target market for the product or service, including geographic location, demographics, target market's needs and how these needs are currently being met. This section covers the following:

- Identify and define your typical customer segments
- Characterize each segment by location, age, gender, income, lifestyle and any other relevant characteristics of the target group
- Discuss the buying criteria of your target market - i.e. what motivates this group to make the purchase decisions it makes? (i.e. price, quality, location, etc.)
- Market niche
- Size of your market, and your anticipated market share
- Market trends and outlook

3.4) Competitor Analysis

The **Competitor Analysis** investigates the business's direct and indirect competitors, assessing the business's competitive advantage and analyzing how it will overcome any entry barriers to the chosen market. This section covers the following:

- Discuss the similarities and differences between your product/service and those of competitors as well as your competitors' relative strengths and weaknesses
- Your competitive advantage - what markets your product/service unique, and how will you use this to your advantage?
- Detailed description of main competitors, including size, location, products/services, market share

4) Marketing Plan

The **Marketing Plan** explains how the business is going to get customers to buy its products and services. This section will provide a detailed explanation of the business's pricing, promotion and distribution strategies.

4.1) Pricing

- Describe your pricing strategy and how you arrived at it, including your pricing relative to your costs
- How do your prices compare to those of your competition?

4.2) Product Positioning

- How your product/service is presented in the market (i.e. luxury item, impulse buy, necessity, specialty item, etc.)
- Tools used to solidify the appropriate image and positioning of your product/service in the market

4.3) Promotion and Advertising

- Your promotional strategy, based on your target market and positioning
- Detailed description of the types of advertising and promotion you will use to reach your target market (i.e. media advertising, direct mail, Internet, trade shows, press releases, etc.)
- Include a timeline and associated cost for each major type of promotion and/or advertising you plan to use as well as an annual budget
- Describe how you will measure the effectiveness of your promotional efforts

4.4) Sales Strategy

- Based on your research and capacity, what are your sales goals (in units) per day/month/year, including any anticipated seasonality in sales
- How will your sales be conducted and who will be primarily responsible for sales
- Describe what resources will be allocated in sales in terms of both time and funds
- Outline your company's services policies, guarantees, warranties, etc.
- Credit and collection policies
- Explain how you will determine customer satisfaction

4.5) Distribution Strategy

- Includes all aspects of how your product is routed from your business to your customer
- Where your product will be sold or in the case of services businesses where your service will be delivered/conducted
- Identify intermediaries in your distribution network, such as wholesalers, distributors, etc

5) Management Plan

When writing the business plan, the **Management Plan** section describes your management team and staff and how your business ownership is structured. The **Management Plan** can be broken down into the following sections:

5.1) Ownership Structure

This section describes the legal structure of your business determining if it is a sole proprietorship, partnership or corporation. For partnership and corporation businesses, you may want to explain who holds what percentage of ownership in the company.

5.2) Management Team

Under this section you want to describe the duties, responsibilities and relevant skills of management team. Include information about entrepreneurial and industry experience.

5.3) Human Resources Needs

Outline your staffing requirements in this section including a description of specific skills that the people working for you will have to have. Identify if it be best for your business to have employees (full-time or part-time staff) or should you operate with contract workers or freelancers. Then determine how many employees will your business need and what will it cost you.

6) Operating Plan

The **Operating Plan** provides a description of your business's physical location, facilities and equipment, kinds of employees needed, inventory requirements and suppliers, and any other applicable operating details, such as a description of the manufacturing process. The following details can be included in your **Operations Plan**:

6.1) General

Do an outline of your business' day to day operations, such as the hours of operation, and the days the business will be open. If the business is seasonal, be sure to say so. Also include the licenses, permits, and business insurance required as well as type of regulatory issues including potential environmental impacts.

6.2) Physical Location

What type of premises will be business be operating in and the size and location? If applicable, include drawings of the building, copies of lease agreements, appraisal of the land or buildings required for your business operations.

6.3) Equipment

Besides describing the equipment necessary and how much of it you need, you need to include its worth and cost, and explain any financial arrangements.

6.4) Assets

Make a list of your assets, such as land, buildings, inventory, furniture, equipment and vehicles. Include legal descriptions and the worth of each asset.

6.5) Production

Explain where you are going to get the materials to produce your product or service and explain the terms you have negotiated with suppliers. Determine how long it will take to produce a unit, and when you will be able to start producing your product or service. Include factors that may affect the time frame of production and how you'll deal with potential problems such as rush orders. Give details of product cost estimates.

6.6) Inventory



Explain how you'll keep track of inventory.

6.7) Personnel



List the number of staff required including subcontractors, qualifications, labour availability, wages, and benefits, training, personnel policies and workers compensation issues.

7) Financial Plan

The **Financial Plan** includes pro-forma balance sheets, income statements and cash flow statements. The balance sheet compares what your business owns to what it owes.

The cash flow statement compares how much money will be coming in to how much you will be spending. The income statement compares your revenues to your expenses to see if you are going to make money.

7.1) Balance Sheet



The **Balance Sheet** is a snap shot of the business at any point in time. In the case of a business start-up, it is often the starting balance sheet. A balance sheet is made up of three parts.

Assets: Things a business owns

Liabilities: Debts a business owes

Equity: The owners' investment and re-investment in the business

Everything that the business owns, its assets have to have been paid for. Therefore we get the following formula:

Assets = Liabilities + Equity

This is extremely important as it gives the reader a picture of how the business is being financed through the owners' money (equity) or through the creditors' money (liabilities).

7.2) Cash Flow Statements



A **Cash Flow Forecast** is probably your most important financial tool. It is your cash flow that shows you if, and when, you will run out of cash essential to run your business. It allows you to take action before problems occur and even to do “what if” calculations before taking on new projects.

The cash flow is a 12-month projection that forecasts the receipts and disbursements for your business. In a start-up situation, it is preferable to have a start-up month to specifically show the reader the costs incurred to start the business.

7.3) Income Statements



The purpose of the Income Statement Forecast is to project the revenues and expenses of your business over a given period of time – usually one year. Other terms for this are budgeted income statement or pro forma income statement. There are three things that need to be predicted to forecast your income statement: the sales projection, the cost of goods projection and the overhead’s projection.

8) Risk & Contingency Plan



Your **Risk & Contingency Plan** should discuss possible challenges, issues, barriers that your business may encounter. These can be external (i.e. economic downturn) or internal (i.e. less than projected sales). State positive plans to minimize these risks.

9) Appendices



The Appendices section should include any supporting material that you have referenced in writing your business plan. These materials may include a summary of market research surveys, contracts, price lists, detailed or technical information on your product/service, owners’ resumes, etc.