business plan

[Business Name]

[Contact Name]

[Mailing Address]

[Website]

[Phone]

[Email]

# Introduction To a business plan

This introductory section is a brief overview of what you can expect in this package and is not an official part of any business plan. This business plan template is designed to support you in creating a business plan that works for you. In the pages that follow there will be more in-depth descriptions, check lists, and examples to assist you in properly preparing the data necessary to bring this template to life. Creating your best prepared plan will require critical thinking, factual data research, and some insight.

“

This template is one of many types and the process is not a “one size fits all” solution. As long as the final goal is reached and the basic structure is followed, your business plan will be unique to you and ready to present to potential business partners, investors, banks, and other interested parties. Here is the final goal:

“

**A business plan is a living document that is used to demonstrate to others that all scenarios, perspectives, opportunities, issues, are pre-considered before getting into business. It is also a tool that can be used to keep you accountable and on track at any time**.

In this package the following components will need to be considered. Check them off as you complete them:

* Executive Summary
* Company Profile
* Market Research
* Sales and Marketing Strategies
* Operations
* Products or Services
* Financials

Now that you understand what is involved in a business plan and what it entails, putting in the unique information about your business will begin to show the whole story. As you build your plan, remember that some information and data might be relevant to more than one section. Do not be concerned about repeating yourself. As the plan is written, put it together as if the business is presenting the plan, and not you as an individual. Keep an eye on the examples as they may offer more insight into the possibilities you may not have considered yet.

# 1.0 Executive Summary

The Executive Summary is exactly as it sounds. A summary. It covers a brief overview of six components listed below (each component will be outlined more in-depth later in this template). It appears at the beginning of the plan as a means of enticing your reader to continue reading more in-depth details within the specific components. Although it appears first and is often read first, the Executive Summary is usually written last after all the details in the other components have been sorted out. When enticing your reader, it is best to ensure the most relevant details are summarized and that this summary includes details that are unique and interesting to your plan. When you are ready, summarize the following:

## Company Profile Summary

Start by telling the reader what the business name is, what the business does or sells and highlight the forward thinking goals and objectives.

* + **Action required** – reference the top goal(s) and objective(s) in your Company Profile.

## 1.2 Market Research Summary

You understand the market better than anyone. Outline the good opportunities that lay ahead. Provide key details of the market but be sure to support them later on.

* + **Action required** – Summarize the top statistical data that supports getting into business.

## 1.3 Marketing Summary

With a strong understanding of the market from the Market Research conducted, what approach and strategy will be taken to reach the right audience.

* + **Action required** – Consider the costs of marketing, and what option reaches your audience best. List your choice here.

## 1.4 Prodcuts & Services

Tell the reader about the products/services that is your business. Bring to light the attributes that set you apart.

* + **Action required** – Make sure to identify what makes your product/service unique.

## 1.5 Operations

This summary re-assures the reader that you are prepared for running your day-to-day business

* + **Action required** – Review the most pressing details and list them here.

## 1.6 Finance Summary

The Financial Summary can quote data from the financial details that will be found later in this plan. Is the company showing quick profitability? Is there a break even date? Demonstrate it here and support with the data in the Financials section.

* + **Action required** – Highlight annual profitability and the breakeven point.

# Executive Summary EXAMPLE

Fralin Acres is a producer of fresh vegetables, owned and operated and registered as a partnership by John and Jane Buck. They specialize in primarily selling made to order, and delivered, fresh produce baskets. Throughout the late spring season, a pick your own strawberry patch will be accessible and available to strawberry lovers as well.

Alongside the individual consumer business of strawberries and produce baskets, Fralin Acres is one of 14 fresh producers in the greater Quinte region, and it is well positioned with 150 acres to take special orders on large crop requests as a resource to local product producers.

Established in 2018 with the purchase of strawberry plants, Fralin Acres expects to have an up and running patch by 2020. Operated from the location of the farm in Moira, the fresh produce baskets will be centrally located to serve Centre Hastings (including Stirling, Madoc, Tweed) and the City of Belleville. In addition, the strawberry patch will be an easy drive from the local outskirt towns.

The market research shows a growing trend in the demand for fresh, local produce easily accessible and available. Consumers are willing to pay more for local, quality products and in response to this, large corporations (Metro, Sobeys, etc…) are incorporating more and more local products in their large supply chain stores.

Following the traditional marketing strategies of fresh produce, Fralin Acres will rely on word of mouth and local community avenues such as farmer’s markets, community boards, and churches.

Established in 2018 with the initial purchase of strawberry plants, Fralin Acres expects to have an up and running patch by 2020 and fresh produce will be available in the late summer/fall of 2019, and will continue to run a seasonal operation. Operated from the location of the farm in Moira, the fresh produce baskets will be centrally located to serve Centre Hastings (including Stirling, Madoc, Tweed) and the City of Belleville, and the strawberry patch will be an easy drive from the local outskirt towns.

The products available will include fresh produce such as carrots, beats, beans, onions, garlic, etc… and will change based on requests and demands as necessary.

Fralin Acres has financial projections that show a break even point within the first growing season. The financial projection also shows enough growth within the first season to allow for the strawberry patch to double on year two and the market garden to triple the second season. The break even point will occur in the first season.

# 2.0 Company Profile

The Company Profile section is where we start outlining the details of the business. Here, we look at what the company is and does, where it came from and where it is going.

## Business Overview

As the Business Overview is put together, remember to tell the story of what it’s all about. You may know your product or industry well, but the reader may be new to the entire idea. What is the business offering and what are some of the attributes that support the idea in a positive way? Use the following as a checklist. Some of them may not apply to you. Check them off as you complete them.

* Who?
  + Who is running the business?
  + Who is the target client?
  + Who are the partners involved?
* What?
  + What industry is the business in?
  + What product(s) or service(s) is being offered?
* When?
  + When was the business established?
  + When is the anticipated start date or opening date?
* Where
  + Where will the business operate from?
  + What geographical area will the business serve?
* Why?
  + What is the vision and mission of the business?

## Company History

Each player in the business has some level of **education, background, or experiences** that will contribute to the future success of the business. For example, you may have run a business before, but not in this particular sector. The business experience is relevant even though there may be more learning to do. List the education, background, and experiences here.

* + **Action required** – Include education, experiences, and background information that may not be directly tied into this business. Tell a short story of how you got into this business.

## Management

Most small business owners start with a small team. One owner, a partnership, or maybe there is already a manager in place. This section will list who the key player(s) are and their roles going forward.

* + **Action required** – If you are running the business alone, include all the positions you will fill. If HR and an Accountant are sub-contracted, include that too.

## Location

Location applies to a couple different questions and can answer a few more. Where is the head office? What location will the business be run out of? What geographical location will the business serve? Does it make sense to have the home office in one place, and serve a location that is too far away? In short, describe here is where the business is located, and what location it will serve.

* + **Action required** – Don’t hesitate to include hopeful growth opportunities such as opening a second store, or eventually servicing another province.

## Legal Structure

There is often lots of conversation around if a company should incorporate or register as a sole proprietor in the beginning. Once that strategic decision is made, list the structure of your business here and provide a brief support as to why.

* + **Action required** – Do your research before registering. Keep in mind that a sole-proprietor can re-register as a corporation at any time.

## Professional Partners

This section lists all the professionals you rely on to offer you professional advice.

* + **Action required** – Make a list of anyone who you have talked to who has helped along the way. Lawyers, advisers, municipal office workers, etc…

## Vision & Mission

The Vision & Mission of your business can often take time to describe. Whereby the rest of the plan is based on data, facts, and details, the Vision & Mission is the “touchy, feely” part. This is what creates the culture and feel of your business, and it is often used as a compass when making future moral decisions.

* + **Action required** – Research your favourite company’s vision & mission to gain perspective on what a vision & mission should look like.

## Goals & Objectives

Opposite to the details of where the business came from, your experiences, education, etc…, the Goals & Objectives section sets the plan up for future success. The goals must be measurable, realistic and applicable to the business. Once the entire plan is put together, the goals hold you accountable when the goal(s) is reached or not reached.

* + **Action required** – List immediate goals that are obtainable, measurable, and necessary for your business’ development. Don’t hesitate to include long term goals as well.

# Company profile example

Jane Buck has been living and working on a farm since the age of 3 and has run a successful market garden before. With a lifelong passion of growing fresh foods, Jane has always had a personal garden of choice, even when not running a market garden. John Buck has a vast history in business development. As a business coordinator, John brings an extensive understanding on the area’s opportunities and together Jane and John are poised for a successful start-up.

Fralin Acres will be owned and managed by Jane and John Buck and is registered as a partnership. Everything from inventory purchase, to gardening, to sales will be conducted by them.

The market garden is located in the small village of Moira in Central Hastings and is centrally located to serve Napanee to Brighton, and Madoc to Belleville.

The mission and vision of Fralin Acres is to support the growing trend and demand of fresh, local food producers. Fralin Acres is growing your fresh food to support your healthy lifestyle.

Goals and Objectives

* Fralin Acres will double the size of the strawberry patch in the third year. Berries sales from year two will allow for the purchase of new plants for picking in year three. Year one is a plant growth year and no berries will be available until year two.
* The goal for the fresh produce baskets is to also double in year two and again double in year three, thus resulting in four times the sales in year three.
* By year five, Fralin Acres will be growing larger crops of special request produce for local food producers. Eg: cabbage by the acre for a local fermenter who cannot acquire enough cabbage to fulfill orders.

# 3.0 Market Research

A common pitfall of many entrepreneurs is not doing enough market research into their chosen industry before getting into business. Uncovering the **facts** is necessary in understanding the market and **being prepared.** Not only will market research help you better understand what direction to take, the details uncovered will help the reader understand more about the feasibility of this plan. Here, we aim to identify major competitors, the potential for customers and how many, and who your marketing will be directed at.

## Industry Profile & Outlook

Where is your industry heading? Is it growing? Steadfast? Is the trend declining? Does your service require a certain process to be reached? Describe how a potential customer might typically find you, and the process they follow to decide on reaching out to you.

* + **Action required** – Contact local competitors and seek their perspective. Collect statistical data from your municipality, Stats Canada, etc…
  + **Action required** – Rely on your own experience to help detail this section properly.

## Local Market

“Local” means something different to every business. Your product or service might be serving the international community, or it could be serving your small town. Either way, local is described as the market area you intend to serve. Knowing what geographical area your business will serve is important, but so are the details of this market. What is the population? What percentage of that population is part of your target market? How many competitors are there? Etc…

* + **Action required** – Identify what “local” means to you and list it here.
  + **Action required** – Calculate a realistic % of the business you can gain in your ‘local’ market.

## Key Competitors / SWOT Analysis

Who are your 4- 5 closest competitors and what are their Strengths, Weaknesses, Opportunities and Threats? Creating a SWOT analysis is the best way to objectively view your competitors and see where your business fits within the market. SWOT stands for:

**Strengths –** What advantages do they have over you? What can the offer that you cannot? What do they do better than any other competitor? How do customers positively view them? What makes them unique? Are they the largest in your local market?

**Weaknesses –** Where do you see a gap in their offerings? What do they do that you could improve on? What do they do that you should avoid? Is their business growing or shrinking and why? How do customers negatively view them?

**Opportunities –** What good opportunities can you spot? Can you offer faster service? Can you bring a larger range of products? What gaps do they have that you can fill? What opportunity do you have over them? is the business being sold, or is it closing? Is the product line being reduced?

**Threats –** What threat can the competitor bring to your doorstep? Do they have a larger capacity to offer quicker service? With more staff does can they offer services to a larger market area?

Reminder: Keep emotional statements out of this section. Do not include statements such as – “Company 1 is horrible at their customer service.” Stick to the facts only.

SWOT analysis example:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Strengths** | **Weaknesses** | **Opportunities** | **Threats** |
| Company 1 | * Quick service * Great customer service | * Poor location * Odd hours | * Poor product line | * Well established * 3rd generation owned |
| Company 2 | * Great location * Available online | * Only 1 staff * Slow delivery | * Faster delivery * Location not owned | * Quick services * 3 locations |

* + **Action required** – It is essential to create a SWOT grid. Create one and list you competitors by most threatening at the top to least threatening at the bottom.

## Target Market

Business-to-Consumer (B2C) or Business-to-Business (B2B)?

Who is your customer? Describe them. This is not a complete list of descriptions for your target customer, but knowing your customer will help with many factors like marketing, pricing, and how your business will best be run. These details are identified through primary and secondary research.

* Demographics can include: age, gender, income, education, nationality, occupation, and more
* Willingness to spend: ($0 - $25), ($26-$100), ($100+)
* Frequency of purchase:
  + Every month (example: toiletries or hair cut)
  + Once a year (new clothes or visit to the dentist)
  + Every couple of years (new car or website upgrade)
  + **Action required** – Clearly define your target marker
  + **Action required** – Identify the willingness to spend (this will help with the financials later)

## Keys to Success

Now that we know what the potential customers are looking for, and we have a description of the target market (market research), what key factors is your business offering to them that would attract them to your business over a competitor? Is it a new product line? Better service? Longer hours? Quicker replies? List what sets you apart from the competitors here.

* + **Action required** – It might be helpful to create a SWOT for your own business. List your strengths and the threats you have against your competitors here.

# Market Research example

Fresh produce has always been a key factor in the human diet. At some point, the average diet trended away from fresh produce and moved into a more processed food type diet. Recently, according to Metro and Sobey’s, the trend is reshaping once again and starting to lean back to a higher demand in fresh, local produce. So much so that large grocery chains are now sourcing out local food producers and offering them the opportunity to sell their produce at locally regional grocery stores. Several local doctors’ offices are more heavily promoting a fresh produce diet, and the new Canada Health Food Guide has been revised to reflect this moving trend as well.

Jane Buck has previous experience working with fresh produce when running a market garden for two years approximately 6 years ago. When demand for her products continued to grow and the need was never met despite an effort to do so from year to year, she knew personally that this was a growing trend.

Having discussed the trend with local grocers and specifically the fresh produce manager, the restock rate on fresh produce at the local grocery stores (Foodland, Frescho, and Metro) is 3 to 1 with the rest of the food stock in the stores.

Locally from Napanee to Brighton, and from Madoc (Tweed) to Belleville, there are approximately 9 fresh food producers with market gardens, and 2 strawberry patches. This information is based on the data provided at local farmers’ markets in Belleville, Stirling, and Brighton, and advertised strawberry patches that become more visible in the late spring season.

In response to the quickly moving schedules that most people face, Fralin Acres is offering a daily pick up location for fresh produce baskets, and will not rely solely on the famers’ market locations and times. Strategic partnerships with other businesses in strategic locations will assist in offering this convenience. For example, Ivanhoe Cheese has lots of foot traffic and is conveniently located on a major auto route north to Madoc allowing for many of Fralin Acres potential customers to stop in on their way home to acquire a portion of their fresh produce groceries. As well, Maple Dale on heading to Tweed.

The target market for these products can be difficult to identify specifically, but it does include young professionals who are health conscious, parents with children (old or young), and the elderly who have grown up with their own gardens and that have developed a lifestyle that has always included fresh garden produce.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Strengths | Weaknesses | Opportunities | Threats |
| Company 1 | * Quick service * Great customer service | * Poor location * Odd hours | * Poor product line | * Well established * 3rd generation owned |
| Company 2 | * Great location * Available online | * Only 1 staff * Slow delivery | * Faster delivery * Location not owned | * Quick services * 3 locations |

# 4.0 Sales & Marketing

Sales & Marketing are often thought of as the old adage of door-to-door vacuum sales, or traditional marketing efforts such as radio, or newspaper. But in reality, marketing your business is almost nothing like this and the strategy can vary depending on the sector you are in. The overall Sales & Marketing strategy could include the following components, but reaching your target customer can be more complicated than just getting the word out on the radio, or placing an ad on Facebook. Once you have considered the following components, list your Sales & Marketing details in this section.

## Marketing Strategy

Marketing is the effort placed behind reaching your customers. How do you plan on letting the world know you are in business? More specifically, what is the best strategy to reach your target customers as defined by your market research? This is where a strategy is important and a shot gun approach might not always be a good place to start.

**In the 21st century there is one approach to marketing that must not be ignored no matter what industry you serve, or what business you are in. An online presence is necessary.**

When creating a marketing strategy, consider what is the best approach and what applies to you. Often, marketing is limited by a budget restriction so getting creative might be necessary. A marketing strategy could include a combination of the following:

* **An online presence through social media and a website**
* **Traditional marketing (radio, business cards, newspaper, signage, banners, etc…)**
* **Establishing strategic alliances**
* **Door to door marketing**
* **Public relations**
* **Associations and groups**
* **Sponsorships**

Goals are always important and marketing goals are no different, especially when you are spending money for your efforts. Your marketing goals might be to create an email marketing list, to increase sales, or to increase digital recognition to the point where local publications are starting to recognize your business presence online.

* + **Action required** – List your target market and describe the connection between them and your choice of marketing strategy, and why.

## Positioning statement

How do you want your products/services/business to be perceived?

* + **Action required** – It might be helpful to review your vision & mission to create this section. Or this section might help to inspire your vision & mission.

## The Sales Process

The sales process does not have to be difficult but it is more tactical, and often includes stages such as “prospect,” “connect,” “research,” “present,” and “close”. With an example to follow, here is a preview of each step. **Prospect** is the action of identifying your target market and where there are. **Connect** is how we make the business known to them, otherwise described as marketing. **Research** is the action of learning more about the customers wants and needs. **Present** is the action of presenting them with your offer of services or products. **Close** is making the sale.

* + **Action required** – Pretend you are your own customer. Walk through each step of the process in your head. Identify the best case scenario and expectations. Write those steps here.

## Pricing Strategy

Pricing your product or service is considered a strategy simply because there is more to it than just putting a price on your product or service and hoping for sales. The pricing strategy relies on the market research you have already conducted and takes into consideration competitor pricing, what your customers are willing to pay, and what value your product/service holds. Once you have an idea of your pricing strategy, lay it out and describe how you have reached this conclusion here.

* + **Action required** – Create a list of product or services. Assign each of them a price point (or range).
  + **Action required** – It is possible to have multiple types of pricing. Consider if you have a price point for each product/service, or if you are selling packages or memberships.

# Sales & marketing example

Fralin Acres has already created relationships with new local customers by creating a network of interested buyers who will spread the word by word of mouth. Fralin Acres will also be connecting with Jane Buck’s past client list in an effort to renew their loyalty. Strategic alliances have been created with Ivanhoe Cheese and Maple Dale Cheese (between Belleville and Madoc, and Belleville and Tweed) so that fresh produce can be sold at these locations for the more rurally located clients who need to pick up items on their way home. Additional strategic alliances have been created to erect signage on private properties along major provincial highways that will clearly outline directions and available produce. Efforts to create new partners will be ongoing.

The FralinAcres.com website is up and running alongside a Facebook business page. Each shares important, interesting, and healthy content for anyone who follows, including recipes and gardening tips. This would be considered an added value to our customers. The directions to the strawberry patch, and what/when produce is available are also easily and quickly found online, and the availability of fresh produce is updated weekly.

Fralin Acres aims to be the freshest, most convenient produce producer in the area with the most on demand availability. Fralin Acres would like to be an easily accessible, clean strawberry patch that buyers will want to return to year after year, and for some, multiple times a year. All produce will be grown without the assistance of chemicals or sprays, but instead with the attention and time commitment of Jane and John Buck.

Pricing will fluctuate from season to season, based on when certain produce is available and will align with local market pricing to remain competitive and on target. However, strawberries will start at $4 a quart and mixed fresh produce baskets will start at $30.

# 5.0 Operations

The operations section of your plan describes the support system of your business, behind the scenes, and how the day-to-day dealings are carried out. This section outlines many important things but the key to ensuring you are prepared is to do some pre-work and collect all of the facts. Do you have a rental agreement in place, or simply a dream location identified? Are you located only online, and can you describe the components of your website (blog, email sign up, payment portal, etc…) Have you talked to the municipality to identify the need for any licensing? Being prepared in this section helps with solving situations later.

## Location(s)

Describe where the business is physically located and why. Include the strategic decision making process and offer insight into decision such as high foot traffic, or strategically across from a competitor. If online, elaborate on what the reach of your business is and include the features your website will have such as payment portals, directions, etc… If a rental agreement or a website are not already in place, be sure to demonstrate the quotes received for the work to come.

* + **Action required** – It is important to not speculate on details and to collect facts and actual quotes. Provide copies of your contracts if some are already in place.

## Legal Issues & Licences

If you are in a professional industry that requires a certain designation, chances are that you already know what needs to be in place before you start. For example, electricians require an apprenticeship ticket. When producing food products, a Health Unit must sign off on your facility. Does your municipality require you to have a business? Are there any associations or groups that you need to be a part of? Are you compliant with your industry? If working with a lawyer is necessary, list the ones you are working with here.

* + **Action required** – Research your obligations. Include any copies of memberships, designations, or licenses.

## Insurance Issues

Often, with the right insurance in place, many situations can be mitigated and dealt with properly. The key is to have the correct insurance in place, and be sure to meet your industry standards with your coverage.

* + **Action required** – Obtain a copy of your insurance and include it.

## Human Resources

Many small businesses are not ready to hire, but in the case that you are be sure to be prepared with the correct WSIB insurance (Ontario) and be sure to be in compliance with the Employment Standard Acts. Consult with and HR professional and describe what you have in place here.

## Process/Production

This section can be described as the “fine print” section. This is a great place to outline policies and procedures. Here include details that confirm you have a rental agreement in place for the equipment you rent out, or a return policy that is outlined to each customer. What are your payment terms, point of sale, 50 percent down payment, etc…? Do you offer free quotes?

# Operations example

Fralin Acres is located in the small village of Moira, located evenly between two major North/South arteries, Hwy 62 and Hwy 37. All strawberries will be ‘pick your own’ at the farm at this location. Occasionally berries will be sold at alternate locations between Napanee and Brighton along the 401 corridor. Fresh produce baskets will mostly be delivered and pricing will include delivery fees. Generaly a central pick-up location will be identified for convenient pick-up, and occasionally home deliveries will be made.

Fralin Acres is a registered business in Ontario and a member of the Ontario Federation of Agriculture. No additional licensing is required to operate this type of business out in the village of Moira.

Each basket will be delivered with a sheet of information outlining interesting content such as recipes and best practices for preparing fresh produce. This information sheet will also include details that indicate all produce is subject to possible imperfections and that all sales are final.

Fralin Acres will have the appropriate insurance coverage to operate this type of business and the quote is $1132 a year.

No human resources are required at this time as the business will be owned and operated by owners Jane and John Buck.

All payments will be cash payments upon receipt of the produce and receipts for purchase will be available upon request and automatically provided with purchases over $100. All sales are final, and delivery is subject to weather delays and final yield production availability.

# 6.0 Financials

Knowing the financial timeline and viability of your business is important for so many reasons. It is often said that if you are not making money, then you are not in business but running a hobby. The financial section outlines the details of your **current financial situation, the financial history and the financial forecast.** Some key points are highlighted below but to gather this information to its fullest extent, a forecasting spreadsheet is used to properly uncover your financial situation and to put together the forecast. The Small Business Centre does have this tool available to you, simply ask for a copy and it can be sent right away.

* + **Action required** – Start by accessing the spreadsheet tool and familiarizing yourself with it.

## Start-Up Costs & Break Even Point

Start-up costs are defined as the costs incurred in order to open your business and start generating revenues. Typically, this includes the cost of equipment (including specific types of vehicles), first and last month’s rent to secure an agreement, or items like website development and inventory purchases. However, the list can be quite a bit larger once you sit down to think about it. Once the list is created, assign values to each item and state the start-up costs here.

The break-even point is crucial in understanding when the business will start making money. This does not refer to the first sale, but the break-even point identifies when the business will generate sales that are able to cover the entire monthly cost list before it makes a profit. The sales forecast tool will help to estimate the break-even point.

* **Action required** – Write up a start-up cost list and outline the estimated break even point

## Variable & Fixed Costs

With the financial forecast tool, all variable and fixed costs will be easily identified and reviewed as they will be listed and valued. These costs fall into the monthly cost section of the financial forecast, and despite the variability of their total, combined they will equal the total monthly cost to run your business.

Fixed costs

* Fixed costs are the same regardless of how much business is generated month after month. This typically includes items such as rent, insurance, loan repayments, salaries, and others depending on your business needs.

Variable costs

* Variable costs fluctuate with the volume of business generated each month. These items include, gas for your vehicle the more appointments you have to travel to, rising inventory costs the more items you sell, or upkeep costs the more you use your equipment to keep up with orders.
  + **Action required** – list the estimated monthly fixed cost and label any potential variable costs

## price points

Knowing what you can and will charge for your product or service is part of the overall financial strategy. Consider the market research completed that has uncovered your customer’s willingness to pay, your competitors and what they charge, and the value of your offering. Each of these variables will play a part in sorting out your best price point. If you are selling many products in a retail shop or online, although it will be a lengthy task, listing price points for each product will help in ensuring the overall picture is developed properly.

* + **Action required** – Start by listing your products/services and assign your best estimate on what the price point should be.
  + Enter in the price point into the spreadsheet and think about a realistic number of sales you can make on each.

## Financial projections

Cash flow estimates don’t lie and they eloquently show the real story. However, as the business plan is being developed, either for a business start-up or expansion, it can be difficult to see the future for exactly what it will bring. This can make the financial projections hard, but there is a strategic approach that help with being prepared.

The financial projections will be outlined in the spreadsheet tool previously discussed. A solid grasp of the start-up, variable, and fixed costs is necessary to be best prepared. Unfortunately, this section’s outcome is exactly as this section describes them, they are projections. Instead of approaching the numbers from one direction, try producing three projections for future reference.

1. Project high costs, and low revenues
2. Project moderate costs and moderate revenues
3. Project low costs and high revenues.

This will not only assist you in understanding all three potential outcomes, it will show possible investors and financial institutions that you have considered all angles.

* + **Action required** – Start by creating the worst case scenario of your costs list including start-up costs, fixed and variable costs.
  + Project your monthly revenues based on expected sales, but remember that most businesses have seasonal highs and lows. Be realistic when completing this task.

\*Note that revenues and income are not the same as profit. Profit is only seen once all costs have been paid and there is money left over at the end of the month.

## Risk Analysis/Assessment

In this section you will want to recognize potential problems relating to your business and the necessary steps to take to decrease impact of their occurrence. Be realistic and honest when identifying potential risk. This enable your operation to deal effectively with them when they do occur. Do you have insurance in place to help mitigate potential problems? Do have a backup plan if your business runs out of money?

* + **Action required** – Put on paper the top 3 risks you might encounter and describe how you plan to deal with them or what steps you have already taken to manage these situations should the arise.

## Contingency Plan

Although it is unlikely to happen, especially with the preparation of this plan, sometimes unfortunate circumstances do arise that can force the closure of your business. When it comes to seeking out financial support, and for your own peace of mind, a contingency plan already thought out will help sort out an exit strategy before the need arises. Not only will this be personally helpful if the stress builds up, but investors and banks will want to see that an exit strategy is in plan should they need to recover their investment.

* + **Action required** – Write a brief plan showing your exit strategy