

Resources – How To Start A Business- The Business Plan

WHAT IS A BUSINESS PLAN?

A business plan is a formal document that outlines a company's goals, strategies, and how it plans to achieve them. It serves as a roadmap for business operations and is often used to attract investors, secure loans, or can be used as a tool to make strategic business decisions.

WHY DO I NEED A BUSINESS PLAN?

A business plan helps you define your vision, set goals, and outline the steps needed to achieve them. It keeps you on track as you grow. Investors and banks will want to see a well-structured business plan before providing funds. It shows them that your business is viable and worth the investment. By researching your industry and competitors, you gain valuable insights into your target audience and market trends, helping you make informed decisions. A business plan forces you to think through potential challenges and risks, allowing you to prepare solutions in advance. With financial projections, budgets, and revenue estimates, you can better manage your cash flow and avoid financial pitfalls. It serves as a reference point to measure progress, track performance, and adjust strategies when necessary. Businesses with a solid plan are more likely to succeed because they have a structured approach to growth, operations, and problem-solving.

HOW DO I CREATE A BUSINESS PLAN...WHAT SHOULD I INCLUDE?... FOR A BASIC BUSINESS PLAN, YOU MAY WANT TO CONSIDER INCLUDING THE FOLLOWING;

- **Executive Summary**
An executive summary is a brief yet comprehensive overview of a business plan. It highlights the most important aspects of your business, giving readers a quick understanding of your company's goals, strategy, and financial outlook. It's typically the first section of a business plan but is often written last.
- **Company Description**
A company description is a section of a business plan that provides detailed information about your business, including its purpose, structure, history, and goals. It helps investors, lenders, and stakeholders understand what your company does and why it exists. This is where you will also include your company's vision and mission statements.

A company description is important because it establishes your business identity and purpose, helps potential investors and partners understand your vision, and provides clarity on your legal and operational structure.

- **Market Analysis**

The market analysis component of your business plan examines your industry, target market, competitors, and overall market conditions. It helps you understand your customers, identify opportunities, and position your business effectively. Here, you will conduct an industry overview, target market, market growth potential, customer trends, a competitive analysis (product differentiation and unique selling proposition), possible barriers, and pricing & market position.

- **Organization/ Management Structure**

An organizational/management structure defines how a company is structured, including roles, responsibilities, and hierarchy. It helps businesses operate efficiently by outlining who makes decisions, how teams are organized, and how information flows within the company.

There are many types of organizational structures, however you may be familiar with these;

- **Hierarchical Structure:** A pyramid-shaped structure with a clear chain of command from top to bottom. This structure typically works best for large corporations and government agencies.

- **Functional Structure:** Employees are grouped by department (e.g., marketing, finance, HR) based on their skills. This structure typically works best for medium to large businesses with specialized departments.

- **Divisional Structure:** Company is divided into semi-independent divisions based on products, geography, or market segments. This structure typically works best for large companies with multiple product lines or global presence.

- **Matrix Structure:** Employees report to both a functional manager (e.g., marketing) and a project manager. This structure typically works best for companies managing multiple projects or cross-functional teams.

- **Financial Projections**

A financial projection is an estimate of a business' future financial performance based on current data, market trends, and planned strategies. It helps business owners, investors, and lenders understand how a company expects to generate revenue, manage expenses, and achieve profitability over time. Financial projections are typically created for three to five years and include estimates of sales, expenses, profits, cash flow, and overall financial health.

Our Cash Flow Forecast tool may come in handy here!

(Download Cash Flow Forecast PDF)

- **SWOT Analysis**

A SWOT analysis is a strategic planning tool used to evaluate a business's Strengths, Weaknesses, Opportunities, and Threats. It helps businesses understand their internal and external factors to make better decisions and stay competitive.

SWOT ANALYSIS

Strengths & Weaknesses- Internal
Opportunities & Threats- External

Strengths & Opportunities- Helpful
Weaknesses & Threats- Harmful



BUSINESS PLAN ASSISTANCE & EXAMPLES

Futurpreneur

The interactive Futurpreneur business plan writer is designed to simplify the business planning process by allowing you to customize your plan. We also provide tips & tricks, and plenty of examples to guide you as you write.

Visit the Futurpreneur website and create an account to use this tool and to check out more resources they offer for small businesses.

<https://futurpreneur.ca/en/resource/business-plan-writer/>



Business Model Canvas

The business model canvas is a tool entrepreneurs use to map out a business or product's key drivers, activities and resources, the value proposition for target customers, customer relationships, channels involved and financial matters. It gives an overview to help identify requirements to deliver the service and more. The Business Model Canvas consists of nine essential parts: Customer Segments, Value Proposition, Revenue Streams, Channels, Customer Relationships, Key Activities, Key Resources, Key Partners, and Cost Structure. These are all things that need to be taken into consideration before moving forward with your venture.

Click Here For Some Examples (Downloadable PDF)

Resources – How To Start A Business- Insurance & Permits

Insurance

Although business insurance isn't mandatory, it's highly recommended, even if you operate a home-based business.

Business insurance can protect you and your business's properties, operations, and ability to generate income. Contact your local insurance agent or broker and get at least 3 quotes for business insurance to find the best rate.

Insurance Type	How It Works
Commercial Property Insurance	Pays for damage to or loss of your business premises. It also protects against damage, theft or loss of business property or inventory.
Public Liability Insurance	Protects your business against third-party liability claims (for example, if a courier slips and falls at your place of business and is injured).
Errors And Omissions Insurance	Safeguards your business from claims due to potential mistakes or errors the business owner may have made.
Buy- Sell Agreement	Allows one business partner to use a life insurance death benefit to buy out a partner's interests simply and quickly after the partner's death.
Key Person Life Insurance	Provides money to the business if an important employee dies.

<https://www.canada.ca/en/financial-consumer-agency/services/financial-toolkit/insurance/insurance-2/10.html>

Please consider reaching out to your local insurance agency/broker for more specified information on the right insurance options for you and your business.

Permits/Licensing

People are often misled when starting a business on what types of permissions they require. The simple answer is that it depends on the type of business you want to operate (i.e. a food business acquiring proper liquor licensing and food handler's certificates).

Businesses are registered on a provincial and federal level, so unless you intend to operate in/on municipally owned spaces and ensure that you and your business activities are obeying local bylaws, you do not require any specific permits to operate a small business in a particular municipality.

Visit <https://bizpal.ca/> to find out more about what licenses and permits are required by industry.

Resources – How To Start A Business- HST

Do I need to register for HST?

If your business makes \$30,000 gross or more in four consecutive calendar quarters (a period of three months beginning on the first day of January, April, July, or October in each calendar year), you may need to charge GST/HST.

Visit the CRA website to determine what your tax obligations are, based on what type of business you own; <https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/gst-hst-businesses/when-register-charge.html>.

How do I register for HST?

Generally, you will need to register for your business number (BN) **before** you can register for a GST/HST account.

****THIS IS A SEPARATE BN THAN YOUR PROVINCIAL REGISTRATION NUMBER AND WILL BE NEEDED TO INCORPORATE YOUR BUSINESS AND/OR CRA ACTIVITIES**.**

You may register for a BN by using the online service at [Business Registration Online \(BRO\)](#). This is the quickest way to register for a BN. Once you have obtained your BN, you can then continue in the same session to register for a GST/HST account.

What will you need to register?

Make sure to have all of the following information with you when you register:

1. **Effective Date of Registration-** The effective date of registration may be different depending on the type of business you are registering. Your effective date of registration is usually the day you stop being a small supplier.

****Small Supplier means a person whose revenue, along with the revenue of all persons associated with that person from worldwide taxable supplies was equal to or less than \$30,000 in a single calendar quarter and over the last four consecutive calendar quarters**.**

2. **Know Your Fiscal-** Usually, your fiscal year for GST/HST purposes is the same as your tax year for income tax purposes. Generally, the tax year of the following persons is a calendar year:
 - Individuals and certain trusts
 - Professional corporations that are members of a partnership (such as a corporation that is the professional practice of an accountant, a lawyer, or a doctor)
 - Partnerships, where at least one member of the partnership is an individual, a professional corporation or another affected partnership

However, some people use non-calendar tax years. If you are a person described above that uses a non-calendar tax year approved by the Canada Revenue Agency (CRA), you may want to use that same year as your GST/HST fiscal year.

3. **Total Annual Revenue-** To calculate your total annual revenue, include revenues from: your taxable sales, leases, and other supplies, including supplies that are zero-rated, taxable supplies of all your associates.

Do not include revenues from: exempt supplies, financial services, sales of capital property, goodwill from the sale of the business

****New businesses: If you are just starting your business, you may give the CRA a reasonable estimate of your income for the year**.**

4. **Basic Personal and Business Information-** If you are a business owner or third-party requester, you must provide the last names of the business owners. For digital applications, you must also provide all of the following information about the business owners:

- Social insurance number (SIN)
- Date of birth
- Personal postal code (where you live)
- business name
- BN (if the business already has one)
- Type of business or organization (such as sole proprietor, partnership, corporation, registered charity)
- Name and SIN of all owners
- Physical address
- Mailing address (if different from the physical address)
- Description of major business activity

****If you charged the tax on your sales more than 30 days before registering, call 1-800-959-5525**.**

<https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/gst-hst-businesses/account-register.html>

Resources – How To Start A Business- Business Bank Accounts

What is the purpose of a business bank account?

The purpose of a business bank account is to keep business finances separate from personal finances, ensuring better financial management and legal protection. Key Benefits of a Business Bank Account:

- **Financial Organization** – Helps track business income and expenses more efficiently.
- **Legal Protection** – Provides liability protection by keeping personal and business funds separate.
- **Professionalism** – Makes your business look more credible and trustworthy to clients and vendors.
- **Easier Tax Filing** – Simplifies tax preparation by keeping clear records of business transactions.
- **Access to Business Services** – Enables access to business loans, credit lines, and merchant services (e.g., payment processing).

- **Compliance with Regulations** – Many legal structures (LLCs, corporations) are required to have a separate business account.

Most major banks offer services related to small business banking. Make sure to do your research and find the best bank, rates, and packages that suit your business needs. Here are some examples;

- TD Canada Trust <https://www.td.com/ca/en/business-banking/small-business>
- CIBC <https://www.cibc.com/en/business/accounts.html>
- Scotiabank <https://www.scotiabank.com/ca/en/small-business.html>
- BMO <https://www.bmo.com/en-ca/main/business/>
- RBC <https://www.rbcroyalbank.com/business/index.html>

Want to explore credit unions?

- Alterna Savings <https://www.alterna.ca/en/business>
- Kawartha Credit Union <https://www.kawarthacu.com/business/banking/account-options>

Bank vs. Credit Union

When choosing between a bank and a credit union for your small business, it's important to understand their differences in services, fees, and benefits.

Banks offer a wide range of financial services (loans, credit lines, merchant services), have more branches and ATMs nationwide, advanced online banking and mobile apps, and can handle larger businesses with complex needs. But usually come with higher fees for accounts, transactions, and loans, stricter lending requirements (harder to get approved for loans), and less personalized customer service due to a high volume of clients.

Credit Unions usually have lower fees and better interest rates on loans and accounts, more personalized customer service with a community-focused approach, an easier loan approval, especially for small businesses with lower credit scores, and member-owned, meaning profits benefit members (lower costs, better rates). But usually have limited branch locations and ATM access, fewer business banking products compared to big banks, and may require membership eligibility (e.g., local residency, industry, or affiliations).

Choose a Bank If: You need advanced services, nationwide access, and large loan options.

Choose a Credit Union If: You want lower fees, easier loan approval, and more personalized experience.

Resources – How To Start A Business- Registration Process

Differences Between Sole Proprietor, Partnership and Corporation.

Sole Proprietorship

A sole proprietorship is the simplest business structure, where one person owns and runs the business. It is easy and inexpensive to set up, and the owner has full control over decision-making. Additionally, taxes are simple since profits are taxed as personal income.

However, a major drawback is unlimited liability, meaning the owner is personally responsible for business debts. It can also be challenging to raise capital since funding options are limited. If the owner leaves or passes away, the business typically dissolves.

Best for: Freelancers, and independent contractors.

Partnership

A partnership is a business owned by two or more people who share profits, losses, and responsibilities.

Partnerships make it easier to raise capital since multiple owners can invest. Responsibilities are shared, making management more balanced. Taxes are also simple, as profits are passed through to partners' personal income.

On the downside, general partners have unlimited liability, meaning their personal assets could be at risk. Disagreements between partners can also pose challenges. If a partner leaves, the business structure may need adjustments.

Best for: Law firms, medical practices, and family businesses.

Corporation

A corporation is a business that exists as a separate legal entity from its owners (shareholders). This provides limited liability, meaning owners are not personally responsible for business debts. Corporations also have an easier time raising capital since they can issue stock, and the business can continue operating even if an owner leaves.

Best for: Large businesses, startups seeking investors, and companies with high liability risks.

How to register your business through the Government of Ontario.

1. Go to the Ontario Business Registry website.
2. Sign in using a My Ontario Account or create one if you don't have it.
3. Select "Register a Business" and choose the type of business you want to register.
4. Enter the required personal and business information, including the name, address, and business activities.
5. Review and confirm details before proceeding to payment.

6. Pay the registration fee (fees vary depending on the business type).
7. Submit your registration and receive your Business Identification Number (BIN) and confirmation email.

****Please note that you will have to renew your registration every 5 years.****

Resources – Financial Support

Things to consider;

Credit Score – How Do I check my credit score?

Many major Canadian banks provide free credit score checks for their customers through TransUnion and/or Equifax. It is important to know and understand your credit score as this will heavily weigh on if a lender will want to work with you and to what extent.

Checking your own credit score through these services is a soft inquiry and does not impact your credit. Only hard inquiries, like loan applications, can affect your score.

Debt to Income Ratio.

The Debt-to-Income (DTI) Ratio is a financial metric used to compare your monthly debt payments to your monthly income. It helps lenders assess your ability to manage debt and repay loans.

How to Calculate DTI Ratio:

$$DTI = \left(\frac{\text{Total Monthly Debt Payments}}{\text{Gross Monthly Income}} \right) \times 100$$

What's a Good DTI Ratio?

- Below 36% – Healthy, good for loan approval.
- 36% - 43% – Acceptable but may limit borrowing options.
- Above 43% – High risk; lenders may hesitate to approve loans.

Debt to Income Ratio is important as it determines loan eligibility, affects interest rates (lower DTI often means better loan terms), and helps individuals manage financial health and avoid excessive debt.

Where do I go for funding?

Trenval

Trenval Business Development Corporation is a federally supported, not-for-profit Community Futures Development Corporation, administered by a volunteer Board of Directors in partnership with the Federal Economic Development Agency for Southern Ontario, committed to helping to develop and diversify the local economy through community strategic planning, business information, counselling and investment in small business.

Trenval has been helping local businesses thrive in Belleville, Quinte West, Stirling-Rawdon, Tyendinaga Township, Tyendinaga and Deseronto since 1987 and has invested over \$45 million in small businesses impacting over 8,000 jobs through advisory services and investment resources.

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Business Development Bank of Canada (BDC)

The Business Development Bank of Canada (BDC) provides financing solutions tailored to Canadian entrepreneurs. Their offerings include small business loans (up to \$100,000), working capital loans, and equipment financing for growth and operational needs. They also offer commercial real estate loans, technology financing, and business purchase loans to support acquisitions and expansions.

For specialized funding, BDC provides venture capital, growth equity partnerships, and intellectual property-backed financing. Their purchase order financing helps businesses fulfill large orders without cash flow constraints. Entrepreneurs can explore these options to find the right funding for their needs.

[Learn more at BDC.ca.](https://www.bdc.ca)



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