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**BUSINESS PLAN GUIDE**

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January 2021

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BUSINESS NAME: \_\_\_\_\_ DATE: \_\_\_\_\_ PHONE: \_\_\_\_\_

OWNER'S NAME: \_\_\_\_\_ ADDRESS: \_\_\_\_\_

## WHAT IS A BUSINESS PLAN?

A business plan helps you to determine if your business is likely to be viable, and focuses your efforts to improve your chances of success. As you prepare your plan you will get the answers to key questions such as:

Is my business viable?

What are the strengths and weaknesses of my business?

Who are my customers and how do I plan to get them to buy from me?

Who are my competitors?

What skills will I need to properly run this business?

Business plans are for YOU! They are very effective in making your business more successful and reduce the chances of failure. Developing a business plan will help you think out how you intend to reach your goals. Your business will have more focus and direction simply by having a plan. Business planning will help you assess your business idea and work out problems before they occur. That is why banks, investors, and lenders like Community Futures require them.

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## HOW DO I USE THIS BUSINESS PLAN PACKAGE?

Do not be dismayed by the size of this package. It may seem large, but it is designed to guide you through the creation of your business plan by turning it into a series of bite-sized pieces.

Each section has several parts. Each part contains a list of questions and examples. Your business plan is made up of the answers to those questions. This business plan package has fill-in-the-blank pages for each section.

You may be asking where I get the answers to the questions. The answer is market research. The answers to the questions are not just guesses; they must be supported by facts. Remember that information gathered for the Visioning section of the plan will be turned into numbers in the Financial section of the plan. The Projected Cash Flow is your vision turned into numbers.

You do not have to use the fill-in-the-blank format; you are free to use any format you wish. However, be sure that your plan covers the areas outlined in this package!

If you have any questions or need help understanding this guide, please contact our CFNWA office for assistance.

We can be reached at the following phone numbers and email address.

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You can also find information and answers to frequently asked questions on our website: [cfnwa.ab.ca](http://cfnwa.ab.ca)

SECTION 1	EXECUTIVE SUMMARY ..... PAGE 4
SECTION 2	YOUR VISION ..... PAGE 5 Business Background ..... page 5 Your Products or Services ..... page 5 Your Customers ..... page 6 The Industry ..... page 7 The Competition ..... page 7 The Marketing Plan ..... page 9 The Management Team ..... page 11 The Business Structure ..... page 12 The Operating Plan ..... page 13 The Not-so-Minor Details ..... page 14
SECTION 3	YOUR FINANCIAL NEEDS ..... PAGE 15 Start-up Costs & Capital ..... page 15 Personal Requirements ..... page 17 Sales Projections ..... page 18 Projected Cash Flow ..... page 21
SECTION 4	Conclusion & Summary ..... page 23
SECTION 5	Business Financing ..... page 24
SECTION 6	Supporting Documentation ..... page 25
SECTION 7	Arranging Financing ..... page 25
SECTION 8	Loan Requirements, Guidelines & Procedures for Community Futures ..... page 26



## YOUR VISION

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This section is a description of your business. It covers areas such as the products you are selling to your customers, how you will make your customers want to buy from you, who your competition is, ect. This is where you explain your plans for today and areas and expansion for tomorrow.

### BUSINESS BACKGROUND

Please explain where the idea for this business came from, and why you have decided to pursue it. If this is an existing business, write a short history of your business.

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### YOUR PRODUCTS OR SERVICES

A product or service is a good you will sell or a service you will provide. Your business may focus on one type of product or service, or it may offer several different kinds. It is crucial that you have a clear understanding of the different kinds of products you offer (or plan to offer) because this will help you identify who your customers are.

Concentrate on major types of product rather than listing every single item. Consider these examples:

- A retail jewelry store might have four areas (fine gold jewelry, fashion jewelry, giftware and china/crystal/silverware), or it may focus on one or two of those areas.
- A carpenter offering a full range of services may have two areas; major jobs (house construction, sun decks, trusses) and basic home renovation/maintenance.
- A restaurant may also offer catering services to hotels and cater private functions (home & office parties, special events, etc.) - three areas in total.

One reason for listing each of these separately is that each group may have different types of customers with different needs. You may want to promote each area of your business in a different way from the others, since the advertising that reaches one market may not reach others. These groups may also have different mark-ups or gross profit margins associated with them. Listing them separately aids in determining how much inventory will be purchased in the Cash Flow Projection. Different products or services may also have different sales cycles (ie: you may sell more of one product during the summer, and more of another product during the winter). By grouping them separately it makes it easier to project expected sales.

Be sure to provide a brief description of your products or services that will help the reader of your plan better understand your business. Describe what they will or will not do. List all features and benefits for you products, and make special note of any feature that differentiate your products or services from those of the competition.

Include any exhibits such as drawings or photographs of the product to be manufactured, or a description of the services to be offered.

Product 1: \_\_\_\_\_

Product 2: \_\_\_\_\_

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Product 3: \_\_\_\_\_

Product 4: \_\_\_\_\_

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SECTION 2 - YOUR VISION

YOUR CUSTOMERS

Market Area

Where do your customers live? Are you appealing to people in your community? Focus on your main market areas.

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Customers

Who is buying (or will buy) your products and services and why?

Who are your customers?

(In the case of consumer goods what is their age range, average income, marital status, average family size, average expenditures, leisure activities, education, ect.)

What do they want?

How many customers are there in your target market?

Why do they buy your type of product, what need does it fulfill?

How do they shop for your product or service?

How do they perceive your business and its products and services?

How do they perceive your key competitors and their products and services?

How sensitive are they to pricing differences?

The better you can describe your customers the better you will be able to plan how you are going to sell, produce, and advertise your product or service.

Product 1 - Customers: \_\_\_\_\_

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Product 2 - Customers: \_\_\_\_\_

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Product 3 - Customers: \_\_\_\_\_

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Product 4 - Customers: \_\_\_\_\_

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## THE INDUSTRY

Are there any economic, social, technological, or regulatory trends in the industry?

Is your market growing, shrinking, or stable?

Do you expect any major changes in the demand for your types of products in the near future (within five years)?

Focus on the overall demand for your types of products, not the demand for your business. Note that a shrinking market is not necessarily a bad thing, but it does affect how you sell your product or service. It will also affect your long term strategies relating to your business.

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## THE COMPETITION

One of the main keys to your success will be in establishing a market niche for your business. To do this, you must understand who your competitors are, where their strengths are, and more importantly, where they are weak. Disposable income is limited, and many businesses are competing for it! There is only a limited amount of "spending money", and many different ways of spending it. Every product has competition of some kind and it is important to know who your competitors are.

When looking at your competition, include direct competitors and substitutes. Substitutes are products that are different from yours, but can compete for your market. For example, an ethnic restaurant may have no direct competition in the community, but would still compete with other firms that cater to the limited "dine-out" market. Pay careful attention to your competitors' market "niche".

Are they appealing to certain types of customers?

Are they focusing on certain features of their products?

Why do people buy from them?

This information can give you many ideas how to set your company apart from the crowd, and create your own niche.

In listing your competitors you may wish to group similar competitors together if you have a large number of competitors. For instance, if you are starting a restaurant you may wish use categories such as drive-through restaurants, family restaurants, and dining lounges.

SECTION 2 - YOUR VISION

Identify the strengths and weaknesses of your competition and its products with respect to factors such as location, price points, advertising, staff quality and service. Estimate their percentage of market share.

Competitor: \_\_\_\_\_ Market Share: \_\_\_\_\_

Strengths: \_\_\_\_\_

Weaknesses: \_\_\_\_\_

Competitor: \_\_\_\_\_ Market Share: \_\_\_\_\_

Strengths: \_\_\_\_\_

Weaknesses: \_\_\_\_\_

Competitor: \_\_\_\_\_ Market Share: \_\_\_\_\_

Strengths: \_\_\_\_\_

Weaknesses: \_\_\_\_\_

Competitor: \_\_\_\_\_ Market Share: \_\_\_\_\_

Strengths: \_\_\_\_\_

Weaknesses: \_\_\_\_\_

Competitor: \_\_\_\_\_ Market Share: \_\_\_\_\_

Strengths: \_\_\_\_\_

Weaknesses: \_\_\_\_\_

What are the strengths of your business and your products, compared with your competitors?

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What are the weaknesses of your business and your products, compared with your competitors?

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How will you overcome the weaknesses of your business and your products?

What are your plans to improve your weak areas?

This is a crucial area, and one that should be looked at very closely. It may be linked to your marketing plan, it may involve changes in your product or service, or it may involve changes to how you are operating your business.

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## THE MARKETING PLAN

How will you tell your customers about your products and convince them to buy from you? Marketing is more than just advertising, it also includes pricing strategies, and how your product or service will be distributed to the ultimate consumer.

### Promotion Strategy

***"The manufacturer who waits for the world to beat a path to his door is a great optimist. But the manufacturer who shows this mousetrap to the world keeps the smoke coming out of his chimney."*** - O.B. Winters

Your promotion strategy is where you promote your products and your firm, trying to create a perception of value among your customers. This could include areas such as customer service, discounts, special sales, charities/causes your business may support, and advertising. Keep in mind the timing of your promotions. (An advertising and promotion checklist follows below.)

What are the messages you will be sending to your customers? What are you trying to accomplish?

Are you creating awareness of your business, are you trying to create an image for your product/service, or are you trying to create sales?

What are the costs?

Include the strategies you will use (selling methods, the advertising plan, discounts, coupons, ect.),

Attach any print advertisements and flyers that are already made up in an appendix.

### Advertising & Promotion Checklist

This list is designed to help you keep track of the costs and timing of your advertising and promotional activities. This list is not all inclusive.

TYPE OF ADVERTISING	MONTH	COST
<input type="checkbox"/> Radio		
<input type="checkbox"/> Television		
<input type="checkbox"/> Newspaper		
<input type="checkbox"/> Magazine		
<input type="checkbox"/> Flyers		
<input type="checkbox"/> Coupon/Pak		
<input type="checkbox"/> Yellow Pages		
<input type="checkbox"/> Promo Items (pens, fridge magnets, ect.)		
<input type="checkbox"/> Business Signage		
<input type="checkbox"/> Vehicle Signage		
<input type="checkbox"/> Banners		
<input type="checkbox"/> Welcome Wagon		
<input type="checkbox"/> Business Cards		
<input type="checkbox"/> Internet		
<input type="checkbox"/> Trade Shows		
<input type="checkbox"/> Sponsorships		
<input type="checkbox"/> Charitable Donations		
<input type="checkbox"/> Networking (Chamber Membership)		
<input type="checkbox"/>		
<input type="checkbox"/>		

## SECTION 2 - YOUR VISION

### Price

How do you determine your prices?

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How do your prices compare with those of your competitors?

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How do your customers perceive your prices?

Keep three things in mind:

- If your products are more expensive than your competitors, why will your customers be willing to pay extra?
- If your products are less expensive than your competitors, can that affect the way customers view the value of your products?
- If your products are the same price as your competitors, do you have other plans to set yourself apart from the rest?

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### Location & Distribution

Location can be a vital part of your success. It can be crucial for retail sales and consumer services, along with some business oriented services. Location is not crucial for all firms - a wide range of firms are run from home. Where location is less critical, how the product or service is delivered or distributed to customers often plays a more important role. Distribution channels can also play a very important role if your business is a manufacturer or a wholesaler.

Where will your business be located? Why?

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How will your products or services be delivered or distributed to the ultimate consumer?

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## THE MANAGEMENT TEAM

Your skills and those of your advisors and key employees will play a vital part in your success or failure. There is far more to running a company than simply providing the goods or service itself. All businesses require skills in organization, sales, customer relations, crisis management, marketing and technical areas. Successful entrepreneurs either have sufficient experience in these areas to be reasonably effective, or have people with those skills who they can draw on.

You will also need to have plans for overcoming your weaknesses. No one is strong in every area. An effective entrepreneur knows where they are weak and has plans for compensating for those weaknesses. You may need to hire staff, take training in some of your weak areas, or arrange with someone to provide those skills (ie. bookkeeper, lawyer, advertising rep., ect.).

Outline the roles your management team will play in your business. Discuss their skills and experience in the following areas (remember to include key individuals like your accountant even though they may not be employees or management in the strictest sense):

- Technical - the ability to provide the service or make the goods. What education, certificates and experience does the individual have in this area? Include copies of any trade certificates in an appendix.
- Sales - the background in selling products.
- Promotion - the exposure to using advertising or promoting products.
- Organization - the experience in managing many details at the same time.
- Administration - the experience and education in handling books, tracking cash, ect.

Individual: \_\_\_\_\_ Position: \_\_\_\_\_

Responsibilities: \_\_\_\_\_

Skills & Experience as they relate to the Business: \_\_\_\_\_

Individual: \_\_\_\_\_ Position: \_\_\_\_\_

Responsibilities: \_\_\_\_\_

Skills & Experience as they relate to the Business: \_\_\_\_\_

Individual: \_\_\_\_\_ Position: \_\_\_\_\_

Responsibilities: \_\_\_\_\_

Skills & Experience as they relate to the Business: \_\_\_\_\_

Individual: \_\_\_\_\_ Position: \_\_\_\_\_

Responsibilities: \_\_\_\_\_

Skills & Experience as they relate to the Business: \_\_\_\_\_

Are there any skills important to the business not possessed by any of the management team? How is your business going to acquire them? Weaknesses are NOT a sign that you should not consider going into business. Everyone has weaknesses. However, they are an indication that you should make plans to deal with these weak areas - do not ignore them!

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## SECTION 2 - YOUR VISION

### THE BUSINESS STRUCTURE

In this section you describe your business. Complete this section whether you are planning to start a new business, expand your current business, or purchase an existing business.

#### Name

What is the name of your business?

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#### Business Structure

Is this a:

- Proprietorship - a business owned, managed and controlled.
- Partnership - a business where two or more people share ownership.
- Limited Company / Corporation - a company that is legally separate from its owners.

#### Status

Are you:

- Starting a brand new business?
- Taking over an existing business?
- Expanding your current business?
- Refinancing your existing debts?

#### Type of Business

Is this a manufacturing business, a retail store or a service business?

A business may cover several of these areas, such as a manufacturer who sells direct to consumers. If this is the case for you, check all that apply. However, only check major areas, not those that make up only a small part of your overall business.

- Manufacturing
- Retail
- Service

**THE OPERATING PLAN****Facility & Equipment Required**

What facilities or equipment do you require to make your product or provide your service?

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Will you be operating out of your own home? If not, where will you be located? Will renovations be necessary?

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**Delivery of Products / Supplies**

Who are your suppliers? Have you made arrangements for ensuring that your supplies arrive when needed?

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What sort of terms will they give you?

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**Staffing Requirements**

What staff and skills will you have to hire?

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Will you need staff for sales, management, technical or other functions?

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Will some of the staff be seasonal? \_\_\_\_\_

**Technological Innovations in Your Field**

Are you in a field where technology is rapidly changing? If so, what are the changes, and how can they affect you? If your products or equipment can become outdated quickly, you need to be aware of this and make plans accordingly.

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**Age of Your Equipment**

If you need equipment to make your goods or to provide your service, how old is it? Is it reliable? If it broke down could it be repaired or replaced quickly?

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Could changing technology turn your equipment obsolete?

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Does it look like new regulation might force you to change your equipment, or give advantage to the competitors with different machinery? Can your equipment adjust to meet these changes?

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SECTION 2 - YOUR VISION

THE NOT-SO-MINOR DETAILS

Businesses are affected by many regulations, and these cannot be ignored. Items like insurance and administration can be relatively minor details, if they are handled properly. If not, they can consume a great deal of your time (and money).

Licenses & Permits

Business License - Do you have your current license from the local government?

- Yes
- No

Name Search/Registration - Unless your business is a sole proprietorship operating under your own name you must register the business name. Have you done a name search and registered your business name?

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GST - If you expect revenues of \$30,000 or more it is required, otherwise it is voluntary. Have you registered?

- Yes
- No

Revenue Canada - If you have employees you will require an Employer Registration number. Do you have one?

- Yes
- No

WCB (Workers Compensation Board) - Do you require a WCB assessment number? How much will the premiums be?

- Yes
- No
- Premiums: \$ \_\_\_\_\_

Zoning - What zoning regulations apply to your business? How will you be affected?

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Are there any special licenses that are required for you business?

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Insurance

What types of insurance will you need? How much does each type cost?

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Administration

Who will handle your bookkeeping, year end accounting/taxes, and legal matters?

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## YOUR FINANCIAL NEEDS

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In the previous section, you covered the vision of your business - the products you will sell, your customers, how you stack up against your competition, the equipment you need, your marketing plan, and so on. Now you can determine how much money you will need to get the business off the ground, and keep it going.

Determining your financial needs involves these areas:

- Use & Source of Funds - how much money you need, and where you will get it from.
- calculation of your personal living expenses, and the amount you plan to take out of the business.
- Sales Forecast Assumptions - what you base your sales forecasts on.
- Cash Flow Projection - a 12 month estimate of sales and cash into your business.
- Financing - information needed to get any loans/investments you require to start the business.

Each of these is covered in detail in the following section.

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### START-UP COSTS & CAPITAL

This section outlines the money that you will need to start your new business or expand your existing business, along with where the money will be coming from. The first part (what you need) is the Use of Funds, while the second (where it comes from) is the Source of Funds.

#### Use of Funds

This section should cover whatever you need to start or expand your business, including items you already have. Let's assume your business requires \$10,000 in equipment to operate, and you already have \$3,000. You would show the full picture (\$10,000) in the appropriate section of the Use of Funds, NOT just the part that you don't have yet (\$7,000).

The Use of Funds is a summary showing the amount needed in each area. While it shows the complete picture, it is not necessary to put every single item on the sheet - only major items need to be listed individually. If you have an itemized list, feel free to attach it to the plan.

The Use of Funds covers the following categories:

- Capital Items - major pieces of equipment you need to start or expand.
- Inventory
- Other Costs - advertising/marketing, business licenses, accounting/bookkeeping fees and other costs related to start up or expansion.
- Renovations
- Operating Line - similar to a line of credit, these are funds you need to carry you through slow periods and provide a "buffer" for your operation.

Complete only those categories that apply to your business.

List the items you are contributing to the business separately from those you will have to buy. Using the same example as above, you would show \$3,000 in owned equipment and \$7,000 in equipment to be purchased/leased, rather than a \$10,000 total.

#### Source of Funds

Once you know what your needs are, you need to determine where the money will come from. List the cash and assets that you are contributing to the start up or expansion. Show the full amount of any leases, bank loans, investments by partners or other investors, and the like.

SECTION 3 - YOUR FINANCIAL NEEDS

START UP COSTS & CAPITAL WORKSHEET

USE OF FUNDS

Capital Items	\$
	\$
	\$
	\$
	\$
Inventory	\$
	\$
	\$
Other Costs	\$
	\$
	\$
	\$
Renovations	\$
Operating Capital/Line	\$
Total Use of Funds	\$

SOURCE OF FUNDS

Bank / Credit Union / ect.	\$
Community Futures Development Corporation	\$
Personal Investment - Cash	\$
- Assets	\$
Other (specify)	\$
Total Source of Funds	\$

Total Source of Funds \$

Less Total Use of Funds \$

STARTING CASH BALANCE FOR MONTH 1 (cannot be negative) \$



## PERSONAL REQUIREMENTS

In this section, you calculate the funds you need to meet your personal living expenses. The numbers generated in this section will become part of your projected cash flow.

There are two types of expenses you must consider: Monthly & Periodic

In the Owner's Drawings section below, list both types on the sheet provided. Also list any other sources of income you have, such as spousal income.

The amount in this section is the LEAST you can take from the business. The least you can take from the business for each month is the sum of the *Minimum Monthly Owner's Draw Requirement* and any periodic expenses that will be due in that month. You can take more than this, but you cannot take less.

For example, your minimum monthly living expenses may be \$1,900. You could not take less out of the business to live on, though you could certainly choose to take more (eg. \$2,500 per month).

### Owner's Drawings

MONTHLY EXPENSES		
Rent or Mortgage Payment		\$
Food		\$
Phone		\$
Heat		\$
Light		\$
Car Expenses		\$
Clothing		\$
Entertainment		\$
Medical Expenses		\$
Other -		\$
Other -		\$
Miscellaneous		\$
		\$
Less other Sources of Household Income		\$
		\$
PERIODIC EXPENSES		
ITEM	MONTH(S) DUE	AMOUNT
House Insurance		\$
Vehicle Insurance		\$
Life Insurance		\$
Property - Water / Sewer / Taxes		\$
Personal Income Taxes		\$
Alberta Health Care		\$
Other -		\$

SECTION 3 - YOUR FINANCIAL NEEDS

Other -		\$
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**SALES PROJECTIONS**

**Sales Assumptions**

Sales forecasts must be supported to be credible. If your projections are based on your many years experience in the field, say so. In the case of an existing business, past sales figures may also be used; but if the forecast varies substantially, or if the business is new to you additional support is beneficial. However, the more information you can provide to show how you came up with your sales forecast, the more accurate (and meaningful) they will be.

The assumptions should consider any major areas that can affect your business. For example, a retail store should consider the effects of Christmas on their November and December sales.

Factors could include things like:

- Seasonal Conditions - weather, Christmas, ect.
- Economic Conditions - logging down time, housing constructions, ect.
- Customers - the number of customers you expect to be working with on a daily, weekly or monthly basis.
- Marketing - the type of marketing or promotion you will be doing during this time, and the number of hours you plan to devote to it.

What are your sales assumptions, and where did you get the information to support them?

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**Unit Sales Projections by Product & Month**

In the first column write the month which corresponds to the month listed. Enter the quantity of each product or service you expect to sell during the month. Enter the unit of sales (ie. hour, day, each, case) for each category of product or service in the row labeled "Unit of Sales".

Estimate sales for each general type of product that you plan to offer, by month. For example, a jewelry business may plan to offer products in four areas - gold jewelry, fashion jewelry, gifts, and china & silver. The entrepreneur would make sales forecasts for each of the four areas product groups, NOT for every single item that the store carries.

Remember, "Month 1" is the first month of business for which the plan applies, and "Month 2" is your second month of business, ect. "Month 1" is not necessarily January.

**Sales Dollars Projected by Product & Month**

In the first column write the month which corresponds to the month listed. In the row labeled "Price/Unit" write the price you will be charging for each unit of product or service. For each type of product or service, multiply the number of units you expect to sell (preceding page) by the selling price. Total each row, the totals will be used on the next page.

SECTION 3 - YOUR FINANCIAL NEEDS

UNIT SALES PROJECTIONS BY PRODUCT & MONTH

Month (Jan, Feb, ect.)		Unit of Sales	Product 1	Product 2	Product 3	Product 4
	Month 1					
	Month 2					
	Month 3					
	Month 4					
	Month 5					
	Month 6					
	Month 7					
	Month 8					
	Month 9					
	Month 10					
	Month 11					
	Month 12					

SALES DOLLARS PROJECTED BY PRODUCT & MONTH

Month (Jan, Feb, ect.)		Product 1	Product 2	Product 3	Product 4	Total
	Month 1					
	Month 2					
	Month 3					
	Month 4					
	Month 5					
	Month 6					
	Month 7					
	Month 8					
	Month 9					
	Month 10					
	Month 11					
	Month 12					

Projected Cash Inflows by Month

If you offer credit, some of your sales will be collected in later months. What percentage of sales are collected in the month they are made or in subsequent months?

Current Month	%
Second Month	%
Third Month	%
Fourth Month	%
Total	100 %

Cash Sales refers to sales where the cash is collected in the month of the sale. Accounts Receivables refers to sales where the cash is collected in months subsequent to the sale.

Month (Jan, Feb, ect.)	Total Sales (from previous page)	Cash Sales*	Cash Collected from Accounts Receivable**
Month 1			
Month 2			
Month 3			
Month 4			
Month 5			
Month 6			
Month 7			
Month 8			
Month 9			
Month 10			
Month 11			
Month 12			

\*These numbers are used in Cash Flow as cash sales.

\*\* These numbers are used in Cash Flow as Accounts Receivable.

#### Expense Assumptions

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

Labour (How many employees, what are the wage rates and contract terms): \_\_\_\_\_  
\_\_\_\_\_

Administrative & Financial Expenses (Does your interest reflect the proposed debt?

Do your bank charges and accounting fees reflect expectations?): \_\_\_\_\_  
\_\_\_\_\_

Other: \_\_\_\_\_  
\_\_\_\_\_

#### Critical Risks

What sort of things could severely affect your sales or your expenses? These may be things like a new competitor entering the market place, a change in regulations, or a key supplier going out of business.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## SECTION 3 - YOUR FINANCIAL NEEDS

### PROJECTED CASH FLOW INSTRUCTIONS

The key to remember in preparing a cash flow is that you are not trying to determine a profit or loss yet - you are trying to predict the timing of cash in or out of your bank. **Don't spread the costs evenly over the year.**

For example, if insurance costs \$1,200 per year and is payable in May, put the whole \$1,200 in that month. DO NOT put \$100 each month.

Take the time to do it right. Most of the data collected here is also used on balance sheets and income statement forecasts. Review the expenses you enter to be sure you have remembered everything. Items discussed in the visioning section nearly always result in some sort of cash flow. If you need guidance while completing this form contact the Community Futures Office.

#### Cash IN

Use the sales forecasts you did in the last section to estimate cash into your business. Don't forget any credit terms you may provide - if you agree to payment in 30 days, a sale in January will show up as cash to you in February, under the line "*Accounts Receivable*".

#### Cash OUT

Several categories of expenses are listed. Do not be afraid to add others or ignore those that do not apply. Do not be afraid to provide an itemized list of items included in these and other categories with your business plan.

- Advertising/Marketing - These are your costs for advertising, promotion and so on.
- Direct Labor - This labor cost varies directly with the cost of producing your goods and service. For instance, if an employee is paid per unit manufactured. It should also include employee deductions like Staff Wages/Labor.
- Staff Wages/Labor - This should reflect the number of employees, including wage rate. Also include employee deductions that you are responsible for (UIC, CPP, WCB, Vacation Pay, ect.). As a general rule of thumb, these items usually amount to at least 10% of the wage costs.
- Borrowing Costs - The cost to repay any loan that your business may require. This includes loan payments from banks and other lending institutions.
- Starting Cash Balance - The Starting Cash Balance is the Ending Balance for the preceding month. In Month 1 it is cash left from the business in the preceding month (provide a forecast in the appendices) in the case of an existing business.











## SUPPORTING DOCUMENTATION

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The following provides a list of the supporting documentation that is required (as applicable) to support your Business Plan and/or your request for funding:

- Resumes of key people;
- Data supporting ability to meet sales goals;
- Price schedule for produce line or service;
- Market survey data;
- Drawings;
- Agreements;
- Articles/publicity/previous advertisements;
- Letters of Support;
- Letters of Intent;
- Past financial statements (if available);
- Journeyman tickets or other certificates of importance;
- A copy of your Loan Proposal;
- Offers to Purchase;
- Quotes;
- Tax assessments and/or appraisals for property;
- Any other items of importance to your business.

## SECTION 7

## ARRANGING FINANCING

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By this point you will know whether your business will require financing. If you need to borrow money, the information in the business plan will help you greatly in arranging financing. Some lenders may only require a synopsis of the plan, others will want to see the entire plan.

In addition to a business plan a lender will want to see some sort of loan proposal that states:

- How much money you wish to borrow;
- What you are going to buy with that money (include quotes);
- What you are going to use as collateral for the loan;
- The current value of assets being used as security;
- A statement of your net worth.

Community Futures Northwest Alberta Finances small businesses and leverages other monies to create employment and diversity in our regional economy.

#### Types of Financing Available

- Term loans of up to \$150,000 per venture to viable business ventures
- Term loans of up to \$150,000 per venture to assist disabled entrepreneurs

Rate of Interest - 10% \* (as of August 2011)

\*Please Note: Interest rate is subject to change.

Loan Term - 6 months to 5 years

#### ANALYSIS FEE

This fee applies to all funding applicants, and should accompany a business plan. It must be presented in cashable form such as a money order, or certified cheque. It is applied to some of the preliminary costs in reviewing a loan application such as credit bureau inquiries and PPSA searches, and any other additional searches that may be required.

The analysis fee is calculated as follows:

LOAN AMOUNT	FEE
\$1,000 to \$20,000	\$100
\$20,001 to \$150,000	0.5% of loan amount

#### CONSULTING FEE

The first six hours of consultation are free. A charge of \$65 per hour is applied thereafter. This fee includes research, information and/or technical services, and any other assistance provided by CF staff.

Additional information about loans or other additional services offered by Community Futures Northwest Alberta can be obtained by contacting our office. Our Business Analyst will be happy to assist you!

#### RECOGNITION OF DISBURSEMENT COSTS

If your loan application is approved, there are a number of credit searches that must be conducted prior to the disbursement of a loan. Although a loan may be approved it will only be disbursed if the results of all the required searches are deemed acceptable to CFNWA staff and if all pre-disbursement conditions are met.

Disbursement Fees: a fee is applied to all disbursements and will be incurred following application approval. It is calculated as 0.5% of the loan amount to a minimum of \$50. It is used to pay for the following searches and registrations as applicable:

- Corporate Registry
- Court of Queens Bench for Bankruptcies and Searches
- Personal Property Security Registry (searches and registrations)
- Bank of Canada
- Land Titles
- WCB Search
- Municipal Tax Search

There is also a fee of \$100 per guarantee additional to client, spouse and business, and \$500 per collateral mortgage. A service charge of \$350 will be applied to the Borrowers loan if it incorporates. An additional service charge of \$150 will be applied if a mortgage or collateral mortgage needs to be amended. These fees will be added to the loan balance prior to loan disbursement and can be paid up front or over the term of the loan. Payments will be applied firstly to charges, next to interest, lastly to principal.

Growing communities one idea at a time.