

Business Planning

Alana Hirtle
CBDC NOBL
Colchester County



WHAT IS CBDC-NOBL?

- ▶ A Community Business Development Corporation is an autonomous not-for-profit corporation.
- ▶ 13 CBDCs in Nova Scotia, 41 across Atlantic Canada, Go to www.cbdc.ca to find yours.
- ▶ CBDC NOBL is governed by 24 volunteers from our local business communities; 6 staff in 3 counties.
- ▶ NOBL's primary role in our three Counties is small business development.
 - ▶ 3 streams - Financing, Training, Advice

What is a Business Plan?

A **business plan** is a formal written document containing the goals of a business, the methods for attaining those goals, and the time-frame for the achievement of the goals.

It also describes the nature of the business, background information on the organization, the organization's financial projections, and the strategies it intends to implement to achieve the stated targets.

In its entirety, this document serves as a road-map (a plan) that provides direction to the business.

Why a Business Plan?

- ▶ Form and shape your vision and goals
- ▶ Clarify your offering
- ▶ Understand the market
- ▶ Guides you through each stage of starting and managing your business
- ▶ A tool to help you think through and detail all the key components of how your business will run, including human resources
- ▶ Keeps you focused on your financial goals

Key Elements of a Business Plan

Includes (but not limited to):

- ✓ Situational Analysis or Executive Summary
- ✓ Vision and Mission
- ✓ Corporate Structure
- ✓ Roles of Key Personnel, Directors
- ✓ Market Summary and Competitors
- ✓ SWOT analysis
- ✓ Marketing initiatives, timing and budget
- ✓ Key product/service, pricing structure
- ✓ Personnel requirements
- ✓ Financials – cash flow projections, Income Statement and Balance Sheet

Situational Analysis

An overview of the market opportunity...

- ▶ Both external and internal factors
- ▶ Need for your product or service
- ▶ Your capabilities
- ▶ Potential Customers
- ▶ Overall Business environment

Corporate structures, registration, and HST, oh my!

- ▶ Three main corporate structures
 - ▶ Sole proprietorship
 - ▶ Partnership
 - ▶ Corporation
- ▶ If the business has a separate name from the owner's name, you must register the business name with the NS Registry of Joint Stocks.
- ▶ CRA business number
- ▶ Harmonized Sales Tax \$30,000 rule

Vision

- What do you want to be when you grow up?
- Long-term (i.e. 10 year) goal for your business
- Focused on how you are impacting the world, not how much money you are making.
- How you want people to be/feel having experienced working with you.
- Your “Why”



Mission

- An action-based statement that declares the purpose of an organization and how they serve their customers
- A short summary of your company's purpose
- Provides perfect clarity behind the “what” and the “who” of your company.



Examples

Tesla

- ▶ **Vision statement:** To accelerate the world's transition to sustainable energy.
- ▶ **Mission statement:** To create the most compelling car company of the 21st century by driving the world's transition to electric vehicles.

IKEA

- ▶ **Vision statement:** To create a better everyday life for the many people.
- ▶ **Mission statement:** Offer a wide range of well-designed, functional home furnishing products at prices so low that as many people as possible will be able to afford them.

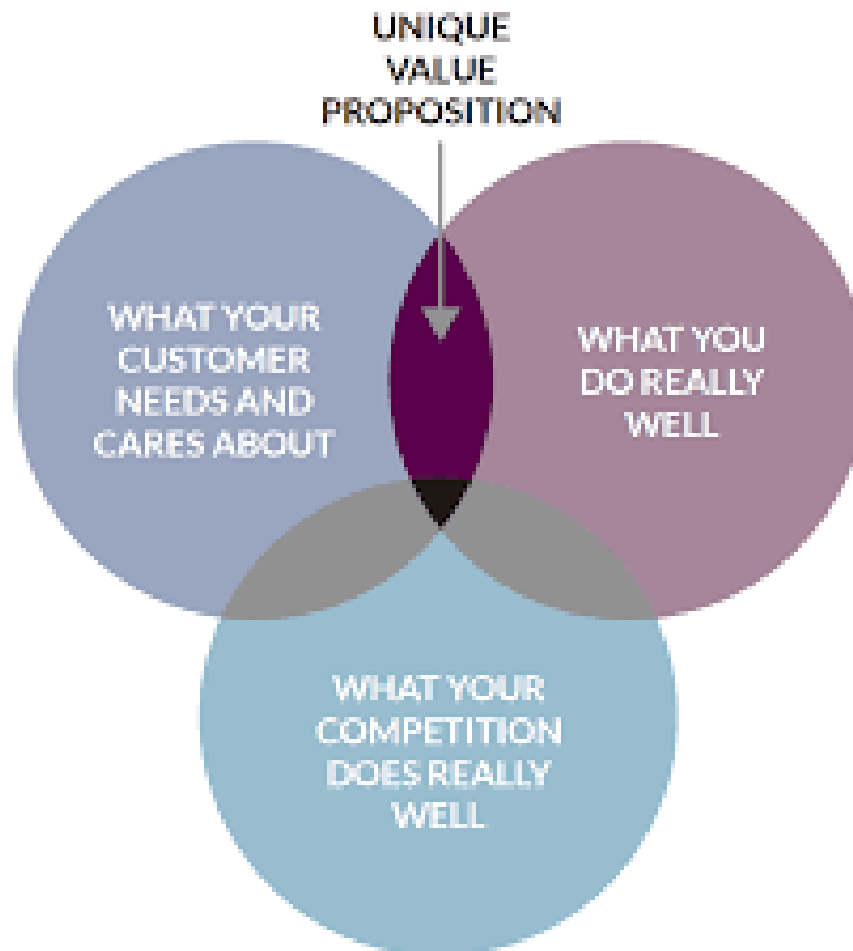
Product or Service Description

- ▶ What is it that you deliver?
- ▶ What benefit does it provide? Or what problem does it solve?



Value Proposition

A **value proposition** is a promise of value to be delivered, communicated, and acknowledged. It is also a belief from the customer about how value will be delivered, experienced, and acquired.



Customers

- Who are they?
- How many of them are there?
- Where are they?
- What do they need?
- How do they make their buying decisions?
- Where do they buy?
- How do you reach them with your marketing and sales messages?

How do you find out these things?

Research

At Competitors' locations

Social Media

Industry Associations/Websites

Chamber of Commerce/Board of Trade

Farm Loan Board/Farm Credit Canada

Census

Statistics Canada

statista.ca

ibisworld.com

thenpdgroup.com

mordorintelligence.com/industry-reports

alliedmarketresearch.com

Competitors

- ▶ Who are they?
- ▶ Where are they?
- ▶ How big are they?
- ▶ What products/services do they sell?
- ▶ What is their pricing model?
- ▶ What is their value proposition/USP?
- ▶ How big is their share of market?
- ▶ What do they do well?
- ▶ What do they not do well?

S

STRENGTHS

- Things your company does well
- Qualities that separate you from your competitors
- Internal resources such as skilled, knowledgeable staff
- Tangible assets such as intellectual property, capital, proprietary technologies etc.

W

WEAKNESSES

- Things your company lacks
- Things your competitors do better than you
- Resource limitations
- Unclear unique selling proposition

O

OPPORTUNITIES

- Underserved markets for specific products
- Few competitors in your area
- Emerging need for your products or services
- Press/media coverage of your company

T

THREATS

- Emerging competitors
- Changing regulatory environment
- Negative press/media coverage
- Changing customer attitudes toward your company

Industry Trends

- ▶ Focus on the future
- ▶ Always try to be a step ahead of your competitors
- ▶ What are the key trends, developments, and innovations that may impact your business?
- ▶ Seize opportunities
- ▶ Fend off threats
- ▶ Covid



Market Analysis

Strategic Marketing Framework



<http://www.MindofMarketing.net>

The Marketing Mix

Product

- Quality
- Design
- Branding
- Features
- Packaging
- Services
- Functionality
- Technology
- Services
- Availability
- Convenience

Price

- Strategy
- List price
- Penetration pricing
- Premium
- Discounts
- Credit terms
- Payment methods
- Allowances
- Payment period

Promotion

- Advertising
- Sales Promotion
- Public Relations
- Social Media
- Sponsorship
- Influencers
- Product Placement
- Content Marketing

Place

- Channels
- Coverage
- Transportation
- Location
- Logistics
- Trade channels
- Locations
- Inventory
- E-commerce

Financials

- ▶ **Financial statements** provide both a roadmap and a snapshot of a corporation's financial health, giving insight into its performance, operations, and cash flow. Financial statements are essential since they provide information about a company's financial goals, revenue, expenses, profitability, and debt.
- ▶ Banks and other investors use a company's financial statements to determine the level of risk they are taking by investing in your business.
- ▶ Three primary statements: Cashflow Model, Income Statement, and Balance Sheet

Cashflow Model

...summarizes the amount of cash and cash equivalents entering and leaving a company each month.

The cash flow statement measures how well a company manages its cash position, meaning how well the company generates cash to pay its debt obligations and fund its operating expenses.

	A	B	C	D	E	F	G	H
1								
2	Money Received		Start	Jan	Feb	Mar	Apr	
3		Cash Sales	\$0	\$323	\$945	\$2,190	\$3,985	\$4,400
4		Payments Received on Account	\$0	\$0	\$2,000	\$4,000	\$6,000	\$8,000
5		New Loans	\$55,000	\$0	\$0	\$0	\$0	\$0
6		New Investment	\$25,000	\$0	\$0	\$0	\$0	\$0
7		Subtotal	\$80,000	\$323	\$2,945	\$6,190	\$9,985	\$13,400
8	Money Spent							
9		Rent, utilities, etc.	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000
10		Payroll & taxes	\$5,600	\$5,600	\$5,600	\$5,600	\$5,600	\$5,600
11		Purchase inventory	\$12,000			\$4,000		
12		Pay other bills	\$0	\$775	\$1,273	\$1,772	\$2,270	\$2,768
13		Repay Loans	\$0	\$336	\$337	\$339	\$341	\$343
14		Purchase Assets	\$17,000	\$0	\$0	\$0	\$0	\$0
15		Total Spent	\$38,600	\$10,711	\$11,211	\$15,711	\$12,211	\$12,711
16		Cash Flow	\$41,400	-\$10,388	-\$8,266	-\$9,521	-\$2,226	\$6,689
17		Cash Balance	\$41,400	\$31,012	\$22,746	\$13,226	\$11,000	\$12,711

Income Statement

...shows you how profitable your business was over a given reporting period. It shows your revenue, minus your expenses and losses.

Company XYZ
Income Statement
For the year ended 31st December 2019

Revenues	\$2,000,000
Total revenue	\$2,000,000
Expenses	
Cost of goods sold	700,000
Advertising	60,000
Depreciation	40,000
Rent	80,000
Payroll taxes	56,000
Salaries and wages	800,000
Supplies	64,000
Travel and entertainment	100,000
Total Expenses	\$1,900,000
Net Income	\$100,000

Balance Sheet

...reports a company's assets, liabilities, and shareholders' equity at a specific point in time; or what own vs what you owe.

Equation
Assets = Liabilities
+ Equity

BALANCE SHEET		
	THIS YEAR	LAST YEAR
ASSETS		
CURRENT		
Cash	\$57,000	\$58,000
Accounts receivable	209,811	207,000
Inventory	<u>47,000</u>	<u>51,000</u>
	313,811	316,000
Fixed assets (Note 1)	158,000	162,000
Intangible assets	<u>12,000</u>	<u>12,000</u>
	\$483,811	\$490,000
LIABILITIES		
CURRENT		
Accounts payable	\$89,103	\$85,000
Demand loan	52,708	41,000
HST payable	6,000	6,000
Current portion of long-term debt	<u>25,000</u>	<u>24,000</u>
	<u>172,811</u>	<u>156,000</u>
LONG-TERM		
Mortgage	<u>300,000</u>	<u>325,000</u>
	472,811	481,000
EQUITY		
Capital stock	1,000	1,000
Retained earnings	10,000	8,000
	11,000	9,000
	\$483,811	\$490,000

Exit Strategy

- ▶ What is your long-term plan?
 - ▶ Sell the business for a profit
 - ▶ Leave it to family
 - ▶ Close it when you retire

Online Templates

Here are some different template options. Feel free to use or mix and match the content in a Word document. It doesn't have to be pretty, just effective.

- ▶ <http://www.cbdc.ca/en/business-plan>
- ▶ <https://apps.scotiabank.com/planWriter/en/#section-0>
- ▶ <https://www.bdc.ca/en/articles-tools/entrepreneur-toolkit/templates-business-guides/pages/business-plan-template.aspx>
- ▶ <https://sbs-spe.feddevontario.canada.ca/business-plan-guide>
- ▶ <https://www.lawdepot.ca/contracts/business-plan/?loc=CA&ldcn=partnership-and-joint-venture#.YcMIZWjMJPY>

Resources

- ▶ www.cbdc.ca , www.noblbusinessskills.ca
- ▶ <https://trurocolchester.ca/grow-local-business/>
- ▶ <https://www.novascotiabusiness.com/>
- ▶ <https://www.canada.ca/en/atlantic-canada-opportunities.html>
- ▶ <http://www.canadabusiness.ca/eng/page/4337/>
- ▶ <https://www.bdc.ca/en/business-centres/nova-scotia/pages/default.aspx>
- ▶ www.thebalance.com
- ▶ <https://www.entrepreneur.com/>
- ▶ <https://www.futurpreneur.ca/en/>

Thank you!

Alana Hirtle
CBDC-NOBL
(902) 895-6625
alana.hirtle@cbdc.ca

If your business will be in another county,
please go to www.cbdc.ca and use Find my
CBDC to search for the office closest to you.