

ERMINESKIN ECONOMIC DEVELOPMENT

BUSINESS PLAN PREPARATION GUIDE

September 2014

BUSINESS PLANNING

- What is a Business Plan?
- If you have:
 - A Vision (where you want to be)
 - A Mission (how your going to get there)
 - Goals to meet your Mission
 - Objectives to meet your Goals
 - Strategies to implement your Objectives
- Then
 - A Business Plan is detailed blueprint for getting from where you are to where you want to be
 - A Business Plan combines the actions needed with the money required to enable you to get from where you are to where you want to be
 - It is essential to be successful, regardless of whether you are an entrepreneur or an existing business

BASIC APPROACH

- Define Vision, Mission, Goals, Objectives, Strategies
- Examine all relevant factors, possible business strategies in light of current information
- Have realistic expectations. Test ideas for viability
- Divide plan into sections
- Delegate responsibility for preparing sections
- Difficulty with a section indicates need for more information
- Ask basic and logical questions
 - Nature of operation/proposed operation
 - Market (customers)
 - Product
 - Expected sales volumes
 - Competition (organizations)
 - Operating plans (day-to-day)
 - Cash needs
 - Key staff needed (for implementation)
 - Will it be viable?

PLAN PREPARATION

- Task not difficult
- Where you are now, where you want to go, how and when to get there
- Risks involved, returns expected
- Contract between entrepreneur and investor, or business manager(s)
- Most important user is the entrepreneur or business manager(s)
- Other users are:
 - Potential Investors/Lenders
 - Suppliers (credit approval)
 - Customers (products/services)
 - other suppliers of Assistance (money, goods, services)
- Should be prepared by entrepreneur/business management (with assistance from staff)
- If someone else can read and understand it, you have done most of your homework
- May also need advice/assistance from others such as:
 - Accountant(s)
 - Lawyer(s)
 - Banker(s)
 - Potential Investor(s)
 - Marketing Specialists
 - Technical Experts
 - Management Specialists

- Needs review and revision before final approval
- In established business, usually approved by board of directors
- If revisions needed after implementation is underway, needs further approval (board/entrepreneur)

ESSENTIALS OF A GOOD PLAN

1. Answers seven (7) basic questions:

1. What is a Proposed plan? (basic description)
2. Who will be the customers? (market)
3. Are there enough customers? (to meet the needed sales)
4. Who and what is the competition? (business/products)
5. What will the start-up/operating cost be? (money needed)
6. Is the plan financially feasible? (viability, profitability)
7. Who will handle the day-to-day operations? (key staff)

- Describes and reports entrepreneur's/management decisions/plans

- Contains eleven (11) sections

1. Executive Summary
2. Business Plan Background/History
3. Products/Services offered
4. Business Organization/Management
5. Marketing Plan
6. Business/ Industry Sector Targeted
7. Implementation Plan
8. Potential Risks/Challenges/Rewards
9. Financial Plan
10. Environmental Aspects
11. Sources of Funds

SECTION 1

EXECUTIVE SUMMARY

- Is an overview of the Plan (general outline)
- Must be clear, concise, interesting
- Gives a summary background to the Plan (owners, business structures, products/services offered, financing)
- Briefly answer questions such as:
 - Type of business and location
 - Nature of business
 - Who owns the business
 - Who will the employees be
 - Start-up/operating capital required
 - Sources of required capital
 - Expected R.O.I. (Return on Investment)

SECTION 2

BUSINESS BACKGROUND

- Traces the history (background) of the business or venture, including topics such as:
 - Date started
 - Date incorporated
 - Ownership type (sole owner/ partnership/ joint venture/ corporation)
 - Nature of business/venture (what it does/plans to do)
 - Changes in ownership/dates
 - Acquisition/disposal of major assets
 - Present location
 - Changes in location
 - Related business/ subsidiaries/ branches/ locations
 - Business premises owned/ leased/ rented

- Gives other relevant information concerning the business/ venture such as product range/ types of service offered

SECTION 3

PRODUCTS / SERVICES

- Gives details in each type of product/ service offered
- Describes market sector targeted/ what customer needs they satisfy
- Compare products/ services offered with those offered by competitors
- Describes advantages/ disadvantages of each product/ service offered (be factual/ candid)
- Gives reasons for choosing the products/ services offered
- Discuss any advantages enabling achievement of a favorable position in business/ industry sector targeted
- Provides photographs/ diagrams/ sketches to provide added interest

SECTION 4

BUSINESS / INDUSTRY SECTOR

- Describes nature of Business/ industry selected (information from trade associations publications provincial and federal statistics)
- Describes growth history/ economic potential of selected business/ industry sector
- Describes how business/ proposed venture will fit into selected business /industry sector
- Includes reference to support appendices which provide more detailed information

SECTION 5

MARKETING PLAN

- Is a critical part of any business plan
- Contains projections on how, where and when products/ services will be offered
- For new products/ services, includes information on:
 - Business/ Venture Vision
 - Customer Profile
 - Target Market
 - Competition
 - Location Advantages
 - Estimated Market Share/ Sales Potential

- If a market survey is undertaken, the report should include:
 - Introduction (Objectives)
 - Potential Client/ Customer Interviews (if any)
 - Study Scope (what will be looked at)
 - Methodology (sources of information gathering)
 - Business/ Industry Analysis (factors that will affect sales)
 - Customer Profile (characteristics)
 - Potential Market Location(s) (areas)
 - Potential Market Size/ Sales Potential (dollar volumes)
 - Potential Business locations (reasons for decisions)
 - Summary/ Comments (reasons for decisions)

- Most successful business/ ventures:
 - Identify their potential customers/ customer groups
 - Direct all marketing efforts (planning, advertising, Promotion) to this market
 - Develop/ Implement strategies to achieve their marketing objectives
 - Commit to their marketing plan/ consider it an investment success
- Competitors will not wait for customers to come to you if they can get them first

SECTION 6

ORGANIZATION AND MANAGEMENT

- Knowledge, experience and integrity of the owners are key to inspiring confidence in potential investors/ lenders
- This section of the Business Plan should include:
 - A Mission Statement (what the organization wants to do)
 - The names of the principal persons who will be involved (key management staff)
 - Who will be responsible for what
 - Brief descriptions of the duties of each
 - Personal resumes for all key managers
 - The accounting system in use/ to be used
 - Information on all parties who are/ will be providing professional services to the organization/ venture (lawyers, accountants)
- An organization chart will clearly show the responsibilities/ reporting relationships of all key personnel

SECTION 7

IMPLEMENTATION PLAN

- This will cover all actions by all persons responsible for implementing the business plan
- Typical items covered would be:
 - Merchandise Selection/ Display
 - Customer Service/ Policies
 - Pricing Policy/ Competition
 - Sales forecasting/ Projections
 - Purchasing/ Merchandise Acquisition
 - Production/ Product Distribution
 - Human Resource Management
 - Marketing/ Advertising/ Promotion
 - Financial Management
- Implementation plans typically take form of schedules showing:
 - Actions required
 - Expected results
 - Persons responsible
 - Implementation timeframes
 - Progress review dates/ times
- The Business Plan will require regular review/ revision/ updating as implementation proceeds and needed changes are identified

SECTION 8

POTENTIAL RISKS/ CHALLENGES/ REWARDS

- Largest potential risk is not meeting sales forecast (breakeven)
- Pilferage is always a problem
- Poor cash/ credit control can be expensive, cause losses/ bad debts
- Family interference can create inefficiencies
- Poor record-keeping/ accounting can build up unsuspected financial commitments
- Failure to comply with local/ provincial/ federal regulations can create major operational setbacks
- Failure to pay suppliers on time can damage credit rating, impair ability to obtain needed merchandise/ supplies
- Inconsistent/ unfair human resource management can create internal problems/ operational inefficiencies
- Unexpected competitive product developments can damage expected market, reduce product/ service demand
- If risks/ challenges successfully dealt with sales targets reached, success/ rewards are sure to follow

SECTION 9

FINANCIAL STATEMENTS/ PROJECTIONS

- Properly prepared financial statements/ projections are an essential part of any business plan
- They translate planned business actions/ strategies into dollars/ cashflows
- They show whether or not the business plan will be viable
- Will reflect expected revenues, expenditures, profits/ losses by month/ season/ year, or any combination thereof
- Will be used as a management tool to measure actual progress against plan
- Will be used to analyze variances from plan, forecast likely outcomes
- Assumptions they are based on should be as realistic as possible
- They should be reviewed on an outgoing basis and update regularly (daily/ weekly/ monthly as needed)
- Professional help may be needed with preparation
- They should contain some or all of the following:
 - Production/ purchase costs by month for planned year, by product/ item
 - Administration costs by month for planned year by type
 - Planned inventory levels/ costs by product/ item by month, for planned year
 - Projected income statements, balance sheets and cash flow statements by month for planned year
 - If already in business, comparative statements for at least one year, preferably three, for all of above
- They should also contain information on some or all of the following:
 - Projected start-up costs (new venture)

- Sources of funds
- Loan repayments
- Security/ collateral pledges
- Fixed/ current assets and depreciation
- Policy for each type
- If in hospitality industry (hotels, campsites, restaurants) projections on expected occupancy rates/ customer levels
- Alternative plans/ actions available if expected projections are not met (fall back positions)

SECTION 10

ENVIRONMENTAL CONCERNS

- Are becoming increasingly important in business planning
- Ongoing growth in both environmental control legislation/ dedicated organizations
- Necessary to plan needed expenditures to cover environmental concerns/ regulations in areas such as:
 - Garbage/ Waste Disposal
 - Air Pollution
 - Proper Product/ Material Storage
 - New Construction Methods/ Materials
 - Construction/ Building/ Operation Site Clearing
 - Damage Repair/ Cleanup
- For new ventures/ existing business expansion, environmental impact study with associated cost may be needed

SECTION 11

FUNDING REQUIREMENTS

- Adequate financing for business plan/ venture is essential to succeed
- Star-up costs (set-up, inventory, working capital) can be higher than expected, should be properly covered with good contingency allowance
- Sources of both up front (start-up) and ongoing operating expenses should be clearly shown in cash flow projections
- Initial start-up funding usually provided by a combination of :
 - Owner/ Entrepreneur Investment (at least 15%)
 - Government Incentive Grants
 - Shareholder Investments
 - Commercial Loans (Financial Institutions)
 - Investor Loans (Private Investors/ Partners)
 - Bank Loans
- Ongoing operating funds usually provided by a combination of:
 - Sales Revenues (receivables collection)
 - Supplier Credit (30, 60, 90 days)
 - Bank Lines of Credit (receivables/ inventories/ other assets pledged as collateral)
 - Additional injections from all other sources already listed
- Business Plan must demonstrate realistic potential profitability to attract investors/ lenders
- Regular communication with investors/ lenders is essential to keep them informed on an ongoing progress/ aware of likely future developments/ retain their confidence/ trust

Ermineskin Economic Development Department

Business Grants

Guidelines & Requirements

Introduction

In providing business grants to new and existing small business' the Ermineskin Economic Development Department strives to assist and prepare our people to be independent and self sufficient on and off reserve, through business and employment opportunities development.

The following requirements and procedures need to be met to access Ermineskin Economic Development small business grants.

New Small business grants maximum contribution up to \$5,000.00
Existing Small business grants maximum contribution up to \$2,500.00

Requirements

- Must be an Ermineskin Band Member 18 +
- Provide a detailed Business plan with proposal for new business
- Provide a detailed Executive Summary with proposal for existing business
- Must be actively involved in the running of the business
- Provide a detailed financial projection of at least 1 year
- Must provide a signed B.C.R. stating your intention to open a business and allowing it.

*Conflict of interest rules apply for Economic Development Committee Members (See EEDD Policy)
Any Documentation, pictures or products submitted to the EEDD for grants procedure may be used for promotional purposes by the EEDD, at any time.*

Guidelines and Procedure

1. Submit typed proposal and executive summary for review of Ermineskin Economic Development Department Committee.
2. Provide detailed documentation regarding usage of requested funds. (i.e. Quotes, invoices, receipts)
3. After reviewed by EEDD Committee, if approved, you attend the next available Chief and Council meeting to obtain required BCR. Submit a copy of the said BCR to the EEDD.
4. Now you will be required to sign a contract with the EEDD detailing the details of your grant
5. All grant monies must be spent within sixty (60) days of release to you. Also within the same time frame all documentation regarding spending will have to be listed and submitted to the EEDD. This documentation will be all receipts obtained after spending the grant. Failure to do so will be regarded as breach of contract and will result with you paying back all grant monies.