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Getting Started

There are many ways to start a small business but each approach shares common elements you need to consider.

Time

How much time do you have to develop your business idea? By allowing yourself enough time, you will likely avoid mistakes that could prove costly.

Money

How much money is at your disposal? Most entrepreneurs discover their businesses require more capital than originally anticipated. The need for adequate financing varies from business to business. You should ensure that you have access to enough money to allow for all possible contingencies so that you don't have cash flow problems or miss opportunities.

Expertise

Do you have the knowledge and skills required to make a success of this business? If not, it may be worthwhile to take some courses or work in the industry until you gain the knowledge you need.

Risk Tolerance

How much risk is involved? You need to honestly assess your personality and finances to

determine how much risk you can tolerate. This may rule out some high-risk opportunities.

Financial Return

Can you make a living from this business? Some people go into business without a clear idea of just how profitable the venture will be. Take the time to determine if your business revenues will justify your effort and provide you with the income you need.

Enjoyment

Will you enjoy the business? This is a major consideration, especially since owning a small business is often difficult and involves long hours. There will be challenges and rough spots. You will need substantial commitment and self-sacrifice in the months that lie ahead.

Family Considerations

Will this new business adversely affect your family? Substantial sacrifices in time and money are required in the early stages of any business. You need to determine whether your savings or profits from the business will provide you and your family with an adequate standard of living especially in the early stages of the business. You will also need to find out how committed your family is to the business. For

example, will they be able to cope with the extra hours needed to get a small business up and running?

Professional Help

Finally, getting started means starting out right. It is important to realize before you start out that there are many important decisions to be made involving legal and taxation issues, insurance, finance, bookkeeping and accounting, hiring employees, etc. These can often be complicated and difficult to address without specialized expertise. Consequently, you should consult professionals such as: lawyers, accountants, insurance brokers, professional or accredited financial planners, bankers and government agents to get the best possible advice and to avoid mistakes that may come back to haunt you later on.

Studying the Market

The first thing you need to do when thinking about starting a new business is to determine whether you can make a success of it. This means asking tough questions about the potential demand for your products, how much you can charge and whether payback will be sufficient to make it worth your while. This information is provided by a marketing plan.

Although each marketing study is different because every business is different most seek to answer the following questions:

- What is the market potential for my product or service?
- Who will my customers be; how many units can I sell; and how much can I charge?
- Who will my suppliers be and how much will they charge? What credit terms are they likely to offer?
- Who are my competitors and what competitive advantages do I possess?
- How will I get my goods to market and how expensive will this be?
- Will this business produce a large enough profit to justify the sacrifices which will be required?

Armed with answers to these questions and a properly laid out marketing plan, you will be in a much better position to determine the viability of your idea.

Getting the information for such a plan is often quite easy. For instance, one possible technique is to interview potential customers or those already in the industry. Trade and industry associations can also be helpful since they possess in-depth information about their industries.

Many publications and data bases can help you assess the potential of industries and markets. (A visit to your local CBDC is a good first step in getting this information).

These plans are dynamic and are only helpful if they change as your business changes. Rather than prepare a marketing plan and file it away in your desk drawer, you should re-examine your plan from time to time in the light of new developments and make the necessary changes. Your marketing plan will then guide and support your efforts on a continual basis.

Planning a Business

Once you have completed your marketing study, you can use it as the starting point for developing one of the most important foundations of any business the business plan.

Business plans contribute to the future success of a business in several ways. They are necessary when seeking loans; they help you measure progress; and they tell you where you are going and how to get there.

A business plan usually includes a description of your business and the industry in which it will function including suppliers, customers and competitors the products and services you will provide, your price schedules, sales, and your marketing and production plans.

You will also need to outline the opportunities and threats facing your business, the resources you will require, your expansion plans, and current and projected financial statements.

Planning for the Future

Planning is critical not only in the early stages of business, but also as your business starts to grow. Continuous planning is necessary to help you avoid some of the pitfalls which often accompany expansion.

One plan you must consider is human resource planning the hiring and management of employees. You need to consider how you will find employees with the skills and training needed to make your business a success.

You need to be aware of the many legal, regulatory and tax requirements related to having employees on your payroll. Some of these fall under provincial jurisdiction and include employment standards, minimum wages, workers' compensation, and occupational health and safety.

Others fall under federal jurisdiction and include Employment Insurance, Canada Pension Plan and income tax. For further information you should contact the appropriate provincial and federal government departments or professionals such as a lawyer or accountant.

Business planning is a continuous process. No business stays the same for long. Therefore, you need to revise your plan periodically to allow for changing circumstances. This will let your business plan continue to work for you. The process of rethinking the plan will force you to develop new ways of looking at your business and its environment. This may provide you with new ways of increasing revenues or cutting costs.

Business Description

Business Name: _____

Mailing Address: _____

Contact Person: _____

Location of Business: _____

Phone: _____

Fax: _____

Email: _____

Phone: _____

Fax: _____

Email: _____

1. Is this an existing or new business? New Existing
Date business established: _____

2. Has your business experienced expansion during the past 2 years? Yes ____ No ____

3. Form of Business Ownership:

Corporation, date of incorporation _____

Cooperative

Partnership Other (specify) _____

Sole Proprietorship To be incorporated _____

4. Type of Operation

- | | |
|--|--|
| <input type="checkbox"/> Manufacturing | <input type="checkbox"/> Wholesale/Retail |
| <input type="checkbox"/> Agriculture | <input type="checkbox"/> Construction |
| <input type="checkbox"/> Aquaculture/Fishing | <input type="checkbox"/> Transportation |
| <input type="checkbox"/> Forestry | <input type="checkbox"/> Mining |
| <input type="checkbox"/> Tourism | <input type="checkbox"/> Other (Specify) _____ |

5. Number of Employees: (Existing) _____ Full Time _____ Part Time _____ Seasonal
(New) _____ Full Time _____ Part Time _____ Seasonal

6. Give a Brief Description of your Proposed Business:

Ownership and Management

1. Who are the owners and key management personnel in your business?

Name	Ownership %	Position	Management Function (if applicable)
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

2. Explain the duties and responsibilities of Management and Key Staff:

3. Briefly outline the experience and expertise of your management team with special emphasis on managerial and/or operational experience. (Include résumés of the principal owners and key management personnel in your appendix.)

Financial

1. How much financial assistance is required? Please complete use and source of funds below.

a) Why is the money needed? Start-up Expansion Modernization

b) How long do you need to repay the loan (amortization period)? _____

USE OF FUNDS:

SOURCES OF FUNDS:

LAND	\$	CBDC BUSINESS LOAN	\$
BUILDING/RENOVATIONS	\$	SEED CAPITAL LOAN	\$
EQUIPMENT	\$	A.C.O.A	\$
VEHICLES	\$	APPLICANT'S INVESTMENT	\$
INVENTORY/MATERIALS	\$	CHARTERED BANK	\$
WORKING CAPITAL	\$	OTHER	\$
OTHER	\$		

TOTAL	\$	TOTAL	\$
-------	----	-------	----

2. Financial Statements:

a) If yours is an existing business, provide copies of the following:

- Actual Balance Sheets for past three years of operation
- Actual Profit and Loss Statement for the past 3 years of operation
- Projected Cash Flow over the next 24 months

Note: If you do not have financial statements, fill in the information on the sample forms attached to this business plan guideline.

b) If this is a new business, provide the following:

- Projected Cash Flow over the next 24 months

c) If yours is a Sole Proprietorship, attach a copy of your Income Tax Return for the past three (3) years.

Technical

1. Business Location:

a) What makes your location suitable for your project? (proximity to markets, suppliers, transportation, labour.)

b) Will an environmental assessment be required? Yes No

2. Buildings:

a) Are your premises owned or leased? Owned Leased

b) If leased, please answer the following:

Landlord's name: _____ Phone # _____
 Terms of Lease: _____ Rent: \$ _____ per (month/year)
 Lease start date: _____
 Expiry date: _____

Do you have a renewal option? Yes No

If no, what are your plans for the operation when your lease expires?

c) Will renovations be required? Yes No
 If yes, at what cost? \$ _____
 Attach copies of all cost estimates and quotes.

d) If a building is to be constructed or purchased, what will be the total cost of _____ construction or purchase? \$ _____
 Attach a plot plan, plant layout, building diagram and/or blueprints, together with contractor's estimates if applicable.

3. Equipment:

a) Will any new equipment be required? Yes No
 If yes, at what cost? \$ _____
 Attach copies of all cost estimates and quotes.

4. Set up

a) What special environmental, municipal or other government permits and approvals may be required and when can a decision be expected on each?

Agency or Department	Requirements	Anticipated Decision Date
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Marketing

1. Business Environment:

a) What economic conditions will impact on your plan? What do you expect them to be in the future?

b) Are there new developments presently occurring in that area which pose either an opportunity or a threat to your business? It is important to identify both and describe how you will respond to those opportunities and threats.

e) Are there opportunities for expansion of product or service? If yes, explain.

3. Market:

a) Identify Your Market (Local, Provincial, National, International. Etc...)

b) How big is the total market, i.e. the size of the geographic area; the population? Is the size of your market area expanding, static, or decreasing? Please Explain.

c) Who are your customers?

d) What percentage of the total market do you expect to capture?

4. Competition:

a) Who are your competitors?

b) What are their strengths and weaknesses? Their reputation? How will these affect you?

c) What are your business's strengths and weaknesses in relation to your competitors?

d) How are your products or services different from those of your competitors?

e) Why will people buy from you as opposed to one of your competitors?

5. Price:

a) What price(s) will you charge for your product or service?

b) How did you determine this price? Explain.

c) How does your price compare with that of your competitors?

d) Will you be offering discounts for cash payments or quantity purchases, seasonal sales or other incentives that will affect your profit?

6. Packaging:

a) Describe the individual product packaging to be used. Also indicate the source, size, price and payment terms for the supply of the packaging.

b) Describe the packaging to be used for shipping in quantity, i.e. cardboard cartons, strapping, etc. Also indicate the source, size, price and payment terms for the supply of such packaging.

c) Are there any special legal requirements for labelling your product?

7. Sales and Distribution:

a) What distribution channel will you use to get your product/service to the customer?

- Commission Agent
- Wholesaler
- Retailer and Dealers

- Broker
- Direct Sales
- Other (describe) _____

b) What will wholesalers, retailers, etc., be paid to carry the product? What impact will this have on the final selling price of the product?

c) Indicate the method of shipment, cost and any volume discounts available.

d) Do you have any tentative or firm commitments/contracts in place with potential customers? Provide details including letters of intent to buy if available.

8. Promotion:

a) Describe how your product or service will be advertised and promoted. When will your promotional activities take place?

b) How much will advertising and promotion cost your company?

PERSONAL NET WORTH

Name: _____ Date of Birth: _____
Address: _____ Social Ins. #: _____

 Spouse's Date of Birth: _____
 Spouse's Social Ins. #: _____
 Number of Dependents (excluding spouse) _____

Spouse's Name: _____

	Employer	# of Years	Annual Salary	Occupation
Present:	_____	_____	_____	_____
Previous:	_____	_____	_____	_____
Spouse's:	_____	_____	_____	_____

A S S E T S

Cash	Chartered Bank Branch	Type of Account	Balance
	_____	_____	\$ _____
	_____	_____	\$ _____
	_____	_____	\$ _____
	_____	_____	\$ _____

Real Estate (Building, land, etc.)	Civic Address	Year of Purchase	Purchase Price	Current Market Value
	_____	_____	\$ _____	\$ _____
	_____	_____	\$ _____	\$ _____
	_____	_____	\$ _____	\$ _____
	_____	_____	\$ _____	\$ _____

Investments	Type (CSB, RRSP, Other Stocks and Bonds)	Value
	_____	\$ _____
	_____	\$ _____
	_____	\$ _____
	_____	\$ _____

Household effects (total estimated value)	Value
_____	\$ _____
_____	\$ _____
_____	\$ _____

Other (including vehicles and recreational equipment)	Value
_____	\$ _____
_____	\$ _____
_____	\$ _____

PERSONAL NET WORTH

LIABILITIES

Bank Loans

	Date Borrowed	Amount Borrowed	Due Date	Payment	Balance
Chartered Bank				\$ _____	\$ _____
_____	_____	_____	_____	\$ _____	\$ _____
_____	_____	_____	_____	\$ _____	\$ _____
Mortgages				\$ _____	\$ _____
_____	_____	_____	_____	\$ _____	\$ _____
_____	_____	_____	_____	\$ _____	\$ _____
Other				\$ _____	\$ _____
_____	_____	_____	_____	\$ _____	\$ _____
_____	_____	_____	_____	\$ _____	\$ _____
_____	_____	_____	_____	\$ _____	\$ _____

TOTALS

Assets

Cash	\$ _____
Real Estate	\$ _____
Investments	\$ _____
Life Insurance	\$ _____
Household effects	\$ _____
Other	\$ _____
Total Assets:	\$ _____

Liabilities

Bank Loans	\$ _____
Mortgages	\$ _____
Other	\$ _____
Total Liabilities	\$ _____

Total Assets - Total Liabilities = _____ = Personal Net Worth

Additional Comments

Attach a list of any contingent liabilities, guarantees, legal action or any other relevant information.

Individual Declaration

The above information and attached schedules are submitted in support of the application for funding from

in the name of (applicant's name) _____ Dated: _____

I hereby confirm that the information is a true, full and correct statement of my financing conditions as of the referenced statement date and authorize:

_____ to obtain any background information it deems necessary concerning this statement including credit and bank reports.

Date: _____

Signature: _____

1. The applicant
(full name of applicant)

2. (Strike out words not applicable)

(a) Incorporated under the laws of the

(b) Sole proprietorship of
(full name, including given names, and address of owners)

(c) Partnership of
(full names, including given names, and addresses of all partners)

with head office at:

.....
(street address) (town or city) (province) (postal code) and

principal place of business at:

.....
(street address) (town or city) (province) (postal code)

3. and carry on the business of

hereby applies to Community Business Development Corporation for financing of \$.....

and makes the following statements to the Corporation:

(a) That the applicant's business was established..... 19.....

(b) That the financing is requested for the following purpose(s):
.....
.....

(c) That the applicant carries a bank account at
.....
(name of bank) (address)

and will instruct that bank to give Community Business Development Corporation full information concerning the applicant's affairs.

(d) That the Officers of the Company are:

Surname	Given Names (in full)	Town or City	Office	Age	No. of years with firm
---------	--------------------------	--------------	--------	-----	------------------------------

.....
.....

(e) That no partner of the firm, or shareholder, director or officer of the Corporation, as the case may be, or the applicant personally is an "interested person" meaning

- (i) a director of the Community Business Development Corporation
- (ii) the spouse or a child, brother, sister or parent of a director of the Corporation.
- (iii) the spouse of a child, brother, sister or parent of a director of the Corporation.

(f) That there has been no material adverse change in the financial position or operations of the applicant since
..... being the end of the last fiscal year of the applicant for which a certified balance sheet and a profit and loss statement have been furnished.

(g) That there is no litigation in course or threatened, nor any proceedings before any court, tribunal, government board or agency now in course or threatened, and that there is no unexecuted judgement rendered against the applicant, except:

(Litigation/proceedings involving the applicant and/or closely related individual or corporation should be mentioned.)

4. THE APPLICANT UNDERSTANDS:

- (a) That, depending on the terms embodied in the legal security to be held by the Corporation in support of its financing, prepayment in whole or in part of monies lent by the Corporation may be made at any time without notice, and shall be subject to an indemnity payable to the Corporation, computed on the amount prepaid, in accordance with the terms and conditions set out in the letter of offer and/or the security documentation;
- (b) That the terms and conditions of any financing which may be authorized will be set forth in a letter of offer, for agreement and acceptance by the applicant;

5. In the event of the loan applied for being made, I hereby:

- (a) undertake to deliver you:
 - i) a receipt or receipts or a paid cheque or cheques evidencing that I have paid the purchasing price of everything to be purchased (except purchases of a casual or miscellaneous nature entering into the cost of construction) in accomplishing the purpose specified in this application;
 - ii) such other information and material satisfactory to you evidencing that the proceeds of the loan were used for the purpose specified in this application;
- (b) authorize you, if security be required, to have the appropriate registration or filing effected and to obtain evidence satisfactory to you of the rank of such security and I agree to reimburse you the cost thereof;
- (c) agree that, in the event of my failure to furnish or to keep in good standing any required insurance, the Corporation may obtain or renew such insurance and charge me with the cost thereof;
- (d) in the case of the ceasing of the Corporation, I agree that all debt incurred by me with the Corporation and outstanding at that time may be transferred by the Corporation to a named creditor by the Corporation.
- (e) Declaration of consent:
 - i) The undersigned consents to the obtaining of such information as may be required at any time in connection with the credit hereby applied for or any renewal or extension thereof, and the disclosure of any information concerning the undersigned to any credit reporting agency or to any person with whom the undersigned has or proposes to have financial relations.
 - ii) The undersigned consents to the access & use of this application by CANADA for reporting, monitoring and evaluation purposes and that the undersigned may be contacted from time to time by CANADA in order to effectively evaluate the performance of the Community Business Development Corporation and the undersigned will be encouraged to cooperate by providing information of assistance provided to them by the Community Business Development Corporation.
- (f) Declaration of Borrower:
 - i) Information given in this application is for the purpose of obtaining a loan from the Community Business Development Corporation and I certify that all answers contained therein are true to my knowledge and belief.
 - ii) I also verify that I have explored all other avenues to obtain financial assistance and have been unable to obtain such assistance.

6. If you are prepared to make me a loan in accordance with the foregoing application. I agree to give you whatever security is required by the Community Business Development Corporation and I agree to reimburse you for any expense incurred in connection therewith.

Date

Signature of Applicant(s)

Cash flow projections
Year 1

**Cash Flow Projections
Year 2**

OPENING BALANCE SHEET

ASSETS:

Current Assets:

Cash.....
Accounts Receivable.....
Inventory.....
Prepaid Expenses.....

TOTAL CURRENT ASSETS.....

Fixed Assets:

Land.....
Buildings.....
Machinery.....
Furniture, Fixtures & Equipment.....
Automobiles.....

TOTAL FIXED ASSETS.....

TOTAL ASSETS.....

LIABILITIES & SHAREHOLDERS EQUITY

Current Liabilities:

Accounts Payable.....
Bank Loans.....
Current Portion of LTD.....

TOTAL CURRENT LIABILITIES.....

Long Term Liabilities:

Mortgages.....
Other Long Term Debt
(Less Current Portion).....
.....
.....
.....

TOTAL LONG TERM LIABILITIES.....

TOTAL LIABILITIES.....

SHAREHOLDERS EQUITY:

Capital.....
Common Stock.....
Retained Earnings.....

TOTAL LIABILITIES & SHAREHOLDERS EQUITY.....

FORECAST PROFIT & LOSS STATEMENT - YEAR 1

<i>Income</i>	%
Sales.....	_____
Sales.....	_____
TOTAL SALES	_____
Less: Cost of Sales.....	_____
Purchases.....	_____
_____	_____
Add: Opening Inventory.....	_____
Less: Closing Inventory.....	_____
GROSS PROFIT	_____
<i>Expenses:</i>	
Salaries - Management.....	_____
Wages and Benefits - Employees.....	_____
Rent.....	_____
Heat, Light & Power.....	_____
Insurance.....	_____
Postage.....	_____
Office Supplies.....	_____
Repairs Maintenance.....	_____
Travel & Entertainment.....	_____
Telephone.....	_____
Professional Fees.....	_____
Bank Charges.....	_____
Interest.....	_____
Advertising.....	_____
Depreciation.....	_____
Freight.....	_____
Automotive.....	_____
Business & Property Taxes.....	_____
_____	_____
_____	_____
_____	_____
TOTAL EXPENSES	_____
OPERATION PROFIT (LOSS)	_____
Add: Other Income.....	_____
Less: Proprietors Drawings.....	_____
Provisions for Income Taxes.....	_____
NET PROFIT (LOSS)	_____
Add: Depreciation & Amortization.....	_____
AVAILABLE FUNDS	_____

FORECAST PROFIT & LOSS STATEMENT - YEAR 2

<i>Income</i>	%
Sales.....	_____
Sales.....	_____
TOTAL SALES	_____
Less: Cost of Sales.....	_____
Purchases.....	_____
_____	_____
Add: Opening Inventory.....	_____
Less: Closing Inventory.....	_____
GROSS PROFIT	_____
 <i>Expenses:</i>	
Salaries - Management.....	_____
Wages and Benefits - Employees.....	_____
Rent.....	_____
Heat, Light & Power.....	_____
Insurance.....	_____
Postage.....	_____
Office Supplies.....	_____
Repairs Maintenance.....	_____
Travel & Entertainment.....	_____
Telephone.....	_____
Professional Fees.....	_____
Bank Charges.....	_____
Interest.....	_____
Advertising.....	_____
Depreciation.....	_____
Freight.....	_____
Automotive.....	_____
Business & Property Taxes.....	_____
_____	_____
_____	_____
_____	_____
TOTAL EXPENSES	_____
 OPERATION PROFIT (LOSS)	 _____
Add: Other Income.....	_____
Less: Proprietors Drawings.....	_____
Provisions for Income Taxes.....	_____
NET PROFIT (LOSS)	_____
Add: Depreciation & Amortization.....	_____
AVAILABLE FUNDS	_____

NOTES