



NORTIP Development Corporation

An ACOA Partner, Serving Rural Atlantic Canada

BUSINESS PLAN GUIDELINES

To begin the process of preparing a business plan, the applicant should research the business idea to obtain information on: government regulations, licenses and permits; market demand; market size; best location; customer needs; customer service requirements; assets required; methods of operation; personnel requirements; suppliers; competition; product/service pricing and quality; and effective marketing methods.

The business plan is a very important document. It informs the reader of your business idea, how the business will operate, where the customers will originate and how well you believe the business will perform in the next three to five years. Without it the reader will have no idea of your competence, whether or not the business is viable and whether you have reasonable expectations of the business' ability to be profitable. The attached business plan guideline will help you in the preparation of a formal business plan. **The attached forms are not a substitute for a business plan**, but it will help guide you to obtaining the necessary information.

For a person that has an existing business, he or she will know that a great deal of work and effort must be made each day in order for the business to have a chance at success. A person wanting to start a business may not be aware of the significant personal sacrifice that must be made to operate a business. Preparing a formal business plan is not a futile effort. Completed properly it will alert the entrepreneur to possible problems he or she could encounter. It can provide alternative courses of action that will help solve problems. The projections are a budget that will help guide spending and highlight problem areas within the business. The use of monthly financial statements along with the business plan can help a business person discover problems more quickly. Discovering a problem early is a very important component of solving that problem.

It is important to provided detailed analysis of the costs required to fund the venture. These details will give the applicant a better idea of the amount of funds required. It is important to be sure that all costs have been included. If the loan is approved for an insufficient amount, then the venture will have difficulty getting started. It is equally important to insure that the applicant is not seeking too much funding. Every dollar has to be repaid, plus interest, so it is in your best interest to request only the amount required.

A. BUSINESS DESCRIPTION:

(This is a summary of your business/project. Provide detailed accurate comments.)

1. What does (will) the business do, what products or services are you selling and to whom?
 2. How many jobs will you create? What type of jobs will they be?
 3. What is special or unique about your product or service?
 4. If yours is an existing business, has it been successful? Yes _____ No _____
If no, please explain:
 5. Are there any changes planned for the business in the next year? Yes _____ No _____
If yes, please explain:
 6. Are there any specific risks or problems related to your business that are beyond the control of management? Identify.
 7. Have you identified all environmental concerns related to your proposal? List.
 8. Do you have the necessary approvals and permits from the environmental departments?
 9. Have you registered with the Worker's Compensation Commission?
If yes, indicate your account number: _____

 10. Please list any government tax account numbers required, corporate tax account number, and employee deduction account number.
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B. OWNERSHIP AND MANAGEMENT

(Please complete the attached Personal Statement of Financial Affairs on Principal Owner(s) and/or Co-Borrowers. See Section F)

1. What is form of your business? Corporation, To be Incorporated, Proprietorship, Partnership or Cooperative. If incorporated, what is your corporation number and date of incorporation?

If not incorporated, when did your business start? _____

2. Please list owners and key management personnel.

Name	Position	Years with Business	Salary
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

3. What are the duties and responsibilities of your managers and/or key staff?

4. Please provide **resumes** of the principal owners and key management personnel, with special emphasis on experience including:

- a) Managerial or operational experience in this type of business.
- b) Managerial or operational experience in other types of businesses.

5. Please provide any licenses or special permits that the owners must have to operate the business. Include any related diplomas or certificates awarded by educational institutions.

C. FINANCIAL

(Provide details of required financing through Nortip Development Corporation by answering the following questions:)

1. How much money are you seeking? \$ _____

2. How many years will need to repaid the funds? _____
_____ Are there any months that you will need to pay interest only? _____

_____ Is there a specific amount you believe you will be able to pay each month? _____

What security will be offered for the loan? Include model, made and serial number of equipment or vehicles and survey/real property report for structures.

3. What is the TOTAL Cost of your proposed project? \$ _____

4. How will the money be spent?

Land	\$	_____
Building		_____
Vessel		_____
Renovations/Improvements		_____
Machinery/Equipment/Vehicles		_____
Franchise Fees		_____
Working Capital (Provide Details)		
Inventory		_____
Accounts Payables		_____
Other _____		_____
Legal Fees		_____
Other _____		_____

	\$	=====

5. How much of your own money will you be contributing to the project? \$ _____

6. How much have you already spent toward the total cost of the project? \$ _____

7. What other sources of funds are available to assist you, and in what amounts?

<u>Source</u>	<u>Amount</u>
_____	_____
_____	_____
_____	_____

8. Please attach the following information:

- a) If your business is an **existing** business, please include the following:
 - Copy of your financial statements for the past **three** years. If a proprietorship, please include your Income Tax Return for the past **three** years, as well as a current Balance Sheet.
 - Projected Profit and Loss Statement for the next **three** years with the first year's projections broken down by month.
 - A detailed Cash Flow Statement for the next **three** years with the first year's projections broken down by month.
- b) If your business is a **NEW** business, please include the following:
 - Projected Profit and Loss Statement for the next three years with the first year's projections broken down by month.
 - A detailed Cash Flow Statement for the next three years with the first year's projections broken down by month.
 - An opening Balance Sheet.
- c) Attach copies of cost quotations for assets to be purchased.
- d) If constructing, renovating, or purchasing a building, then attach the surveyor's report and real property report, land deed or lease, building blueprints, equipment layout and cost estimates.

LOCATION

1. Does Municipal Zoning permit your project to operate in the proposed location?
2. Why is this location best suited to your project?
3. If the premises are leased, please answer the following questions:

- a) Landlord's Name and Address _____

 - b) Terms of Lease _____

 - c) If the lease cannot be renewed, what arrangements are in place for alternate location(s)? _____
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E. MARKETING

(Please complete the following market questions as accurately as possible. Markets are the most crucial area for businesses. Without a sound and viable market plan, no business can hope to survive.)

1. Industry:
What are the economic conditions in the area in which you plan to sell and are there any new developments or opportunities for growth?
2. Products or Services:
Give a complete, detailed description of products or services to be provided. What advantages are your costumers seeking from your product or services? What are they prepared to pay for? How do these advantages compare with what your competitors offer? What product warranties or guarantees are commonly offered by your competitors? Must you match it to sell?
3. Market:
 - a) Describe the proposed market area by indicating whether the product will be sold within the local community, within a particular part of the province, throughout the whole province, or is intended for export, either nationally or internationally.
 - b) How big is your total market, i.e., the size of the geographic area; the population; number of potential customers? Is this market increasing or decreasing? Explain why?

- c) What is your target market? Provide details such as where they are located, their age group and gender.
 - d) What percentage of your target markets do you expect to obtain over the next three years?
4. Competition:
- a) Who are your competitors? List the business(es) which will be competing with your products or services. What are their strengths and weaknesses? Their reputation? How will they affect you?
 - b) How are your products or services different from those of your competitors? Why will people buy from you as opposed to one of your competitors?
 - c) How do you think your competitors will react when you enter the market? Will they ignore you or try to drive you out? How?
5. Price:
- a) What are your pricing objectives? Have you determined whether to price below, at or above the market?
 - b) Are you influenced by competitor's price changes? What does the competition charge? Is there price cutting?
 - c) How will you determine the price for your product, i.e., estimate your costs and add a reasonable profit?
 - d) Will you be offering discounts for cash payments or quantity purchases, seasonal sales or other incentives that will affect your profit?
6. Packaging:
- Describe the individual product packaging to be used. Also indicate source, size, and price and payment terms for the supply of packaging. Describe the packaging to be used for shipping in quantity, i.e., cardboard cartons, strapping, etc. Also, indicate the source, size, price and payment for the supply of such packaging. Are there any special legal requirements for labelling your product?
7. Sales and Distribution:
- a) Will the products be sold by:

1.	Commission Agent	
2.	Wholesaler	
3.	Retailers and Dealers	
4.	Broker	
5.	Other (Describe)	
 - b) Indicate the method of shipment, cost and any volume discounts available.
 - c) Comment on the staff you will have in place to support your marketing objectives.

- 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 briefly how your product or service will be advertised and promoted.
 - b) How much will your advertising and promotion cost?
9. General Comments:
- a) Add any general or miscellaneous comments relating to the marketing that are not mentioned above.
 - b) Please provide any additional information related to your proposal that is not included in any other section of this proposal.

F. ECONOMIC BENEFITS

1. How will your project impact job creation within your business and for other businesses in the area?
 2. What benefits will there be for the community as a whole, including impact on other communities?
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G. IMPORTANT CONTACT INFORMATION

Government Service Centre - St. Anthony (709) 454-8833
Government Service Centre - Corner Brook (709) 637-2387

Inspections, Permits and Licenses:

Crown Lands (709) 637-2390
Electrical Inspections/Permits (709) 637-2369
Environmental Permits (709) 637-2449
Fire and Safety (709) 637-2369
Food Establishment Licenses (709) 637-2204
Registry of Companies (709) 729-3317
Registry of Deeds (709) 729-3302
Labour Relations (709) 637-2360
Labour Standards (709) 637-2364
Occupational Health/Compensation (800) 563-5471
Newfoundland Statistics Division (709) 729-2913

Canada Customs and Revenue Agency (800) 959-5525

Atlantic Canada Opportunities Agency:

Sonya Lane, Plum Point (709) 247-2244
General Inquiries, St. John's (800) 668-1010

Canada/Newfoundland and Labrador Business Service Centre:

Plum Point (888) 303-2232
(709) 247-2232
Port Saunders (709) 861-3004
St. Anthony (709) 454-3521
St. John's (800) 668-1010

Dept. of Industry, Trade and Rural Development:

Lynn Dempster, St. Anthony	(709) 454-3508
Todd May, St. Anthony	(709) 454-3521
Carolyn Lavers, Port Saunders	(709) 861-3004
Denise White, Port Saunders	(709) 861-3096
General Inquiries, Corner Brook	(709) 637-2976

Service Canada:

St. Anthony	(709) 454-1017
Rocky Harbour	(709) 458-2307
Corner Brook	(800) 206-7218

Human Resource Labour & Employment:

Bonne Bay	(709) 453-2249
Englee	(709) 866-2773
Flower's Cove	(709) 456-2431
Port Saunders	(709) 861-3507
St. Anthony	(709) 454-3831