**Futurpreneur Workshop** – How to Write a Business Plan

Purpose of a Business

To find and keep the right customers at a sustainable **profit** = Value

The Business Plan

Future path of a business

Key Sections

1. Company Profile = Value
   1. What value do you offer
   2. Who is the person behind it
2. Market Research = Understanding your customer
   1. Number one reason why your business fails
   2. Really understand your market
   3. Please don’t give a macro overview
3. Marketing = Finding customers
4. Operations = Keeping customers
5. Finance = Long term profitability

**Writing the BP**

1. Written in the third person
2. Concise and jargon-free
   1. Assume they don’t know
   2. Definitions
3. Evidence/proof/rationale
   1. Doesn’t mean go on the internet and give stats
4. Use the “so what?” question
   1. Push for growth not market cap
      1. I.E. Industry grown 20% yoy/This is a 20 billion dollar industry

**Company Profile**

1. State your business clearly
2. List the products and/or services
3. State your Compelling Value: Your Promise

C.V examples (Lead with only one)

1. Saves time
2. Better quality
3. Easier to use
4. Convenient
5. Minimizes risk
6. Reduces pain
7. Highly credible
8. Socially responsible
   1. Be mindful when you throw this in
9. Increase enjoyment
10. Saves money
11. Greater selection
12. Friendlier service
13. Quicker delivery
14. Strong credentials
15. Caters to a market segment

True value equation (Triangle with Quality, Service, Price)

Management

1. Industry Work Experience
   1. Past employers, projects worked on, results, practical experience
2. Management/Sales
   1. In the industry or elsewhere
3. Training/Education
   1. Highest level attained, education/training related to the field, on-the-job training (or self-taught)
4. Customer contacts
   1. Potential leads, current customers, past customers
5. Industry contacts
6. Learning Experiences
   1. Frustration you had in life, I.E. Tell a story.

**Market Research**

From the viewpoint of your customer what options do they have?

How does the industry work?

Do you have direct experience? What have you learned?

What are the best practices in the industry in:

* Marketing
  + How are you selling your product or service?
* Operations
  + Quality and service

Have you talked to customers? Customer survey summary

Who are your **best** customers? What’s important to them?

* Please never write anybody or everybody
* The more focused you can be, the better
* Lead with one (Investor)

SWOT analysis – Competitive analysis

* Nearest competitor
* Opportunity (Lead with one)

Trends: Political, regulatory, economic, technological, social/cultural

Sale Cycles

* How long does it take to make a sale?

**Most Important:**

What’s your local market? Go micro (not macro)

* Who’s in the marketplace now, how do you get customers on a local level
* You want this to be practical
* Dream big, start small

**Target Market**

Paint me a picture of your best customer

**Customer Profile**

8-12 common traits of your best customer

**Business to Consumer (B2C)**

1. Demographics
   1. Age
   2. Gender
   3. Income
   4. Education
   5. Nationality
2. Lifestyle/Psychographics
   1. Hobbies and leisure activities
   2. Interests that they have
   3. Value most in their life
   4. What they like to buy
3. Behavior
   1. At what point, will a trigger (trigger points) happen to make them buy your product or service
   2. “When will you buy my product or service?
   3. Who sees the value in it and who is willing to spend money on it?
4. Scope
   1. Catchment area you want to start with:
      1. Your Immediate market

Zebra Tutoring Example

1. Parents with children in high school (demographics)
   1. Not specific
2. Students planning on attending university (lifestyle)
3. One or both parents holding a degree (demographics)
4. Family income: 80k plus (demographics)
5. Parents desiring their children attending university (lifestyle)
6. Students needing help in essay writing (behavior)
7. One or both parents are concerned about their community (lifestyle)
8. Both parents and children are computer literate (demographics)
9. Parents feeling overwhelmed with demands placed on their time with an increase in competitiveness in entering universities (behavior)
10. Located in Toronto’s Riverdale area (scope)

Important: You make assumptions

**Business to Business (B2B)**

Industry they’re in (or specialty)

Size of their business (sales, # of employees, budget)

Organizational culture

Geographic location

Who is the decision maker?

Jessie’s Homemade Marmalade example

1. Small specialty grocery shops who do $400,000 to 2 million in sales a year
2. Health food stores with 3 – 12 employees
3. Decision maker: Owner or purchasing manager
4. Greater Winnipeg Area – predominantly in upscale neighborhoods or neighborhoods with a highly educated population

You are a detective

1. Visit your competitors
2. Interview successful people in your industry
3. Survey potential customers (how to do a customer survey)

Sources of Info

* Associations Canada
* Canada Industry Shows and Exhibitions
* Scott’s Directory/Dun & Bradstreet – businesses in an area
* Blue Book – not-for-profits
* Hoovers – B2B
* Stats Can

Google:

*Important to ask a question you want to ask*

* City ward profiles
* Industry Canada
* Google “the 66 faces of Canada” (Toronto Star)
* www.environicsanalytics.ca/prizm-c2-cluster-lookup (type in a postal code)
  + Create your own persona but this can be insightful

**Type of Business Registration**

*Who’s giving you advice?*

*You are better protected by liability insurance if you’re afraid of getting sued*

*Better to start as a sole proprietorship, liability insurance, then incorporation*

*If you have the same name as a big corporation, good idea to find a new name*

* Sole Proprietorship
  + Great in the beginning
  + Register your business name - $70
  + Write off any losses
* Incorporation
  + Register your business name - $70
  + File your taxes separately
  + No tax advantage unless your making $400,000+
  + Liable for anything you do
  + You have precedence over sole proprietorship
  + Carry forward on your losses

**Marketing**

Anything that influences the buyer decision of the customer

*Throwing money at something is not a proper solution*

*Networking is more important than sitting behind a computer*

Strategy: The best approach

Tactics: Details of implementing each activity

*90% of people do this horribly*

**Poor Marketing**

* Word of mouth as a marketing activity (this is a by-product of an activity you need to DO)
  + Not useful because this should be implied
* List of 10-20 marketing ideas with no specific details
  + Not specific at all
  + Avoid the shopping list
  + Rather see 3 strong ideas than 20
* The miracle marketing cure: one idea that will save you

Instead select your top 3

* **Primary** Marketing Activity
* **Secondary** Marketing Activity
* **Supporting** Marketing Activity

For each marketing activity:

1. How will you do this
2. Where will you do this?
3. What are the support materials?
4. What is the follow up system?
5. When will you do this and how often?
6. How much will it cost?
   1. Sales forecast must equate to each marketing activity
7. **The expected results**

*You want to see translation into sales*

*Put a lot of thought into this area*

*Be very careful if you spend online*

*Better off having a strategy that social media is second*

*You want to hit the ground running, once you get funding. Get about 50% of the answers, the other 50% is learning as you go.*

*What you expect from a marketing plan is a starting point, and reassess the situation as you go*

*You need a consistent strategy, messaging and branding both needs to be consistent*

Zebra Tutoring Example

Primary Marketing Activity - Networking

1. How will you do this? Professional yet casually dressed. Always ready
2. Where will you do this? Riverdale Share community Association, Danforth Business Improvement Area, Concerned Parents Association, etc.
3. What are the support materials? Bookmarks and business cards
4. What is the follow up system? Email article ‘Engaging Students Today’. Follow up phone call or email 5 days later
5. When will you do this and how often? 3 networking or community events a week in the first year of business
6. How much will it cost? 20-70 a week for networking. 1000 bookmarks ($500)
7. Expected results? One sale for every three networking events

Pricing Strategy

* How much your competition charges, and how much will you charge? Why?

**Operations**

*You still need to work on the basics of cash flow*

*Operations is the fulfillment of your promise*

1. Full costs associated to produce your product or service: labor, material, and related fees.
2. Profit and mark up of each sale on average
   1. Mark up is cost
   2. Margin
3. Details of production, delivery, suppliers etc. – will you have any capacity issues and if so how will you deal with it?
4. The process of doing business with you: customer expectations
   1. Franchises base their models on an “idiot-proof” model. Have the highest success rate in business. As entrepreneurs your process should strive to be the same
5. Resources required: i.e. equipment, inventory
6. Any legal/insurance/intellectual issues – if so what are the costs
   1. Do not spend money on copyrights of trademark until you have some feedback. Difficult to patent an idea
7. Human resources – hiring staff (pay) or contractors
8. Details of location – if location is a key factory

**Finance**

1. Start-up costs – What the $ will be used for
2. Sales forecast for each month with written explanations
3. Month-by-month detailed cash flow
   1. Budget
   2. Cash flow is the key to your business
   3. Minimize your personal expenses

Start-Up Costs (example)

* Use the cash flow template if you’re applying futurepreneur
* 24 months

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Item | Cost of Item | Owner Contributed | Loan (Futurpreneur) | Business Development Bank of Canada (BDC) |
| Inventory | $7000 | - | $7000 |  |
| Computer | $2000 | - | $2000 |  |
| Marketing | $3000 | - | $3000 |  |
| Working Capital | $3000 | - | $3000 |  |
| Total | $15000 | - | $15000 |  |

* Working capital = money in reserve
* First 15,000 from futurepreneur is 6%, BDC is 10%, 5 year loans

**Sales Forecasting**

*In order for you to generate sales, you must work the month before*

*Make sure the assumptions, sales, and estimates are realistic*

*Sales forecasts tell us that your expenses are accounted for*

*Way to think logically, what can you expect out of the sale activities you are doing*

**Cash Flow**

*Generally, cash flow should be no less than $1000 per month*

*No miscellaneous expenses or contingency*

*Good to reconcile and measure estimate versus actual cash flow per month basis*

*10% of your own capital – can be assets to your own business*

**Business Plan Flowchart**

Executive Summary

1.Company Profile

2. Market Research

3.Marketing 4. Operations

Sales Forecast

5. Finance

Cashflow

Start-Up Costs and Financing

Appendix

**Resources**

Business Plan Essentials

Business Plan Writer

Cash Flow Statements

**Start Up Program**

18-39 years old

15k futurepreneur loan/BDC 30k

Make a living within your first year

Either starting a business or in business for less than a year

Work with a mentor for two years

Minimum amount is $5000 dollars

**Talk to Dominik**

If you have taken the Bootcamp there is no need to take the webinars (same content).

Please email [dioncar@futurepreneur.ca](mailto:dioncar@futurepreneur.ca) and

* In the subject line to write: Bootcamp
* In the body of the email write: your name, phone number, and email addresses
* Times your are available to talk (more options the better)
* Domonik will email you when he will call you
* He will call you at the assigned time and you will have a **15-20 minute chat**

**Other Notes**

Finish the product or service by bootstrapping

What is important is mentorship

Good mentors take interest in you and give you feedback

BDC either matches or gives you more

Probably need less money than you start, but more as you go

Enterprise Toronto – Doesn’t fund but helps you with your business plan