

Business Plans

Introduction

Want to start a new business? Launch a new venture, product, or service within an existing business? Expand operations? Apply for financing for a new or existing business—or funding support for a not-for-profit organization?

Successful business owners, corporations, and not-for-profit organizations achieve their success by carefully researching and analyzing relevant information, and then writing a business (or strategic) plan. Rather than just jumping into what could be a very costly mistake, these people take the time to research all aspects or factors that will lead to a successful launch of their venture, and create a plan based on this research that will guide them in operating the business in the future

The business plan is a guide for the operations of the business or not-for-profit organization, or the implementation of a new venture of an existing business or organization. (In the latter case, the business plan is more commonly known as a strategic plan—a strategy for the business to launch a new enterprise based on existing operations; the strategic plan may be slightly different from the business plan format that follows.)

A good business plan describes what the business or venture is; who is involved; who the clients or customers are; who the competition is (and their potential threat to the business); what the current market situation is affecting the launch of the new venture; and specifically, how decision makers or owners can work with this information to effectively sell to customers while minimizing competitive threat and any potential negative impact of overall market conditions. This is what is known as a “business case”—an argument or rationale for why the venture will succeed. This is what anyone lending money will want to see, to be convinced their loan will be repaid, and with interest.

The plan lays out the financial plan for the business, detailing all expenses and income projections for the enterprise for at least the first 12-month period, if not more years beyond. This helps decision makers stick to a budget and monitor sales in the first year or two of operation, so that adjustments can be made against a benchmark or reference point. If expenses are presented in the worst case scenario—the most expensive options for each expense—and income is realistically projected based on “middle-of-the-road” sales expectations, it’s easier for entrepreneurs and managers to assess success as the business launches and proceeds with operations. Of course, financial lending institutions will also appreciate seeing realistic cash flow projections,

and are more likely to lend based on a thorough assessment of future earning and expenses.

Finally, the plan provides guidance on operations, from the mission and values of the business that guide all aspects of endeavour, through to pricing, a human resources plan, and contingency plans to manage risk.

In short, before expending money, time, and emotional energy, it's important to look before you leap—and a business plan provides that sober second thought needed to clearly assess any obstacles and plan for success. Without it, businesses and enterprises often fail within the first year, mostly due to a lack of understanding of the market, lack of marketing, or undercapitalization (based on inaccurate, wild guesses about expenses and projected income).

Who?

Just who writes a business plan? Well, you may, if you are a new or “seasoned” business owner or shareholder in your own business, or in a management position in someone else’s company. You may be writing the business plan on your own (particularly if it’s your own business), or with help from others in your organization.

Key decision makers in not-for-profit organizations also write business plans as well. If a not-for-profit wishes to seek out new alliances in the community with other organizations, or is seeking funding from government or other sources, it will often produce a business plan to achieve these goals. However, a “business plan” in this context is often referred to as a strategic plan (see below for details).

What?

What is a business plan? A business plan is just that—a plan for your, or someone else’s business, including marketing, operations, and financial management activities. All businesses should have a business plan as a roadmap to success; a well-researched and executed plan provides a solid foundation and directions from which a business or new enterprise will operate and generate revenue.

A business plan is typically written before a new venture is started up—be that an entirely new business, or a new product or service being added to an existing business’s current operations. In the latter case, the plan is usually referred to as a strategic plan, as the business is already operating, and what is outlined in the plan is a strategy to implement a new venture within the business.

The business plan is most often associated with applying for financing for a new venture, whether that is a start-up or some new avenue of operations and sales within an existing business that requires more capital to initiate. When the plan is written in

application for financing, it must make a strong business case to those lending money to prove that the new venture will make a profit, and that those investing will be compensated and repaid. In other words, the plan needs to assure those lending money that their investment is a good risk, not a scary gamble.

In this case, the plan will be written for a readership/audience of bankers or venture capitalists. Bankers are generally risk-adverse types who love to see numbers and statistics to prove their bank's investment will be well protected—and that your venture will make money. They need to see and feel an air-tight case where you have not only presented why the plan will work and make money, but also answer any potential objections they may have before they ask the questions!

Venture capitalists (think Dragon's Den types!) are more willing to take a risk, but at the same time, they want to know that YOU know everything about your new venture's potential for success AND failure—and that you have a clear plan for maximizing profits and minimizing failure.

A solid business case cannot be built on assumptions without proof. That's like saying to someone who wants to invest "*With my brains, and your money, we will go far.*" A convincing business plan is based on countless hours of research online, in libraries, and sometimes through outside agencies' help, such as Statistics Canada. If you were lending someone money for a business, wouldn't you want proof that your friend's products or services would actually sell before investing your hard-earned cash?

As mentioned previously, strategic plans are also written by decision makers in not-for-profit organizations as well, particularly in application for funding from outside agencies or government, or in seeking out new partnerships with other similar organizations in the community. These funders and partners want to see that the not-for-profit will use money and/or other resources or partnership arrangements wisely and in a business-like manner.

The business (or strategic) plan typically provides direction to the business owner(s), shareholders, managers, and sometimes even front-line employees to:

- Identify key business information about the company, such as company name, address, contact information, owner(s), business organization (ie. sole proprietorship, partnership, or incorporated), advisors, and legal counsel
- Understand the company's or organization's mission—the philosophy behind why the business is operating (beyond making a buck or two!), and what guides marketing, sales, customer service, human resources management, and financial management, for example
- Understand and work with the values that the company stands for, such as "We believe the customer is always the customer, which means we will always strive for customer satisfaction."

- Be clear on what the company is, what it does, and all other details—so they know the who, what, where, when, why, and how of their organization
- Identify the short and long-term goals of the company (what it wants to achieve) and the specific actions needed to achieve those goals (the objectives to get the job done)
- To understand the company’s position in the overall marketplace, the business sector, and the economy of the region
- To identify and understand the primary and secondary customers of the business through demographic and psychographic information
- To identify and assess the strengths, weaknesses, opportunities, and threats (SWOT) of direct and indirect competitors
- To implement a comprehensive competitive strategy to deal with the SWOT of competitors
- To identify competitors’ marketing activities and compete effectively with these
- To implement a targeted marketing campaign (advertising and promotional activities) designed to effectively reach primary and secondary customers, while beating out the competition
- To assess the effectiveness of marketing efforts on an ongoing basis
- To manage human resources effectively
- To manage market, operational, and financial risks proactively through identifying these and planning ahead, and to handle problems if they still arise with a contingency plan (“Plan B”)
- To be clear on the financial management of the business or organization, through a narrative and through clearly detailed spreadsheet documentation of expenses and revenue/sales projections, as well as a balance sheet and other related financial documents

Based on the business plan’s research and findings, a clear picture of customers, competitors, and the overall marketplace emerges, which is then a foundation for customer service and retention planning and implementation, competitive strategy and implementation, sales and marketing, and adjustments to the financial plan on an ongoing basis.

While the plan is founded on the best possible information available at the time of research and writing, it will not guarantee success. As a foundation of business operations, marketing, and financial management, it will need to be reviewed and revisited at least quarterly in the first few years of business or operation—because some of the financial or market conditions may and often do change.

On an annual basis, it is advisable to do a thorough review of the business plan and revise it formally to reflect new market, financial, and operational conditions that have arisen over the previous 12-month period.

Where?

Where does a business plan go after it is written?

First and foremost, the business plan should be kept by the business owner, manager, or decision maker in an easily and regularly accessible place. Filing it away deep in a filing cabinet or box pretty much guarantees that no one will look at it ever again unless a major problem with the business arises.

Sadly, this is often the case, because entrepreneurs, managers, and decision makers fail to understand the important of a business plan as a roadmap to follow on the business journey. It's not just a hoop jumping exercise one is forced to go through to get a business loan or financing. The main reason for having a plan is just that—to have a plan for success.

Remember—those who fail to plan, plan to fail? Add to that very true statement “those who fail to use and heed their plan, plan to get lost (or fail).” Why would you want to set out on a journey to an unknown place without a map, travel guide, or translation dictionary? Think of starting a new venture or business as travelling in a foreign country—where you do not speak the language, the culture is quite different, and it's highly possible you will fail to make your destination. Without guidance (and some advance research), you could be mugged, pay far more than you need to, make an embarrassing (or possibly dangerous) faux pas in terms of etiquette or laws, or end up in some otherwise really scary situation.

Having a business plan is like having that excellent road map, guidebook, and research about local customs on a trip to an exotic destination—because the territory you are entering, whether it's a new business start up or a fresh venture for an existing business or organization is going to take you into territory that you don't know everything about.

Hopefully you have now learned how important a business plan is for your success! In order to be able to access it readily, it's a good idea to save it on a computer, to back up this file on another computer or burn a CD (and store it in a safe place), and have a hard copy or two in a regularly used file. If you are in a highly competitive industry, you will want to keep it very safe and secure from any kind of corporate espionage—so your competitors do not access your hard-won intelligence on the market, competitors, customers, and financial strategy.

When?

Business plans can take months to research and write properly. Even seasoned business plan writers will take weeks (and that's full-time hours) to research and write a plan. Dashing a business plan off overnight—or, according to many legends out there, on a

napkin in a restaurant—is something best left to business moguls like Donald Trump who can afford to fail on a venture or two because everything else they are doing is generating major revenue.

Typically, a properly executed plan with all statistical and demographic detail, as well as carefully gathered financial data will take the average entrepreneur or manager at least three months to complete on a part-time basis around other work or obligations. Even then, depending on how many people are involved in the research and writing process, there is still editing to be done at the end to ensure not only that the grammar and spelling are impeccable, but also that important details have not been missed.

It's always a good idea to have outside readers (people who have not been involved in the business plan development or writing) review your plan to ensure you have made a strong business case that answers any of their potential questions or objections BEFORE presenting the plan to any lenders or important readers.

Once the plan has been executed, and reflects the best available information on the market, has a customer-targeted marketing plan, and presents reasonable and moderately optimistic financial projections, it is ready for presentation to lenders, strategic partners, and other interested parties.

However, before presenting or delivering the plan to anyone, it's important to determine the readers/receivers needs, interests, concerns, and understanding of your business or venture. Do your research into known readers (and possible secondary readers) to determine in particular the kind of objections they might have to your venture or request for funding/financing. If, for example, you find out that Mr. Jones, Bank Manager, or his bank typically avoids financing businesses like yours due to a high failure rate in that sector or industry, you need to address his specific concerns before he even has to ask you about them.

In order to address objections before they even arise, you will write a transmittal or covering letter to attach to your plan with a paper clip. You will also write out notes about these objections and be sure to address them in a positive way in any interview or presentation you have with the bank manager before he/she has a chance to bring them up.

The transmittal letter, which will be described in the How section below, will provide an introduction for you and your business to the reader/receiver of your plan, and will address both the concerns/objections of the reader and the benefits of financing or supporting your venture. The letter provides both an enticement to read your plan for more exciting details, and an addressing of concerns so that the reader is satisfied you have thought of the risks involved.

Why?

Why write a plan? As mentioned previously, a business plan demonstrates that you and your business/organization not only have a plan for success, with detailed information and guidance to help with sales, marketing, customer service, competitive strategy, community relations, and financial management, but also that your organization has undertaken the due diligence associated with a credible, professional organization.

Winners want to associate with winners—and a plan will demonstrate to others (such as banks, lenders, potential partners, and suppliers) that you intend to not only survive, but thrive. While there are, indeed, stories about people who launched impressively successful businesses after writing out their “plan” on a cocktail napkin, these are very rare. Generally, while those who want to work with or finance your venture may not even read some of your plan, potential partners and lenders want to know that at least you put the time and effort into planning for your success. The plan is evidence that you are quite serious about making a go of your company or venture.

With extremely high failure rates of failure (Statistics Canada estimates 50 per cent of new businesses fail within the first three years of business)—and many of these failures due to:

- A lack of planning overall—with no risk assessment and contingency planning for even the most common challenges faced by new businesses
- Undercapitalization (not enough money to start up and plan for contingencies)
- A lack of effective marketing (an aggressive and targeted marketing plan to effectively reach and sell to potential customers)
- Ignorance about the competitive threat and the overall marketplace for products and services

A business plan is good insurance against these most commonly experienced challenges that will kill off a new venture. It provides guidance on how to market and sell to primary and secondary customers (with specific direction on where and how often to advertise or promote products or services), how to compete strongly with competitors, and how to manage finances (with a budget and income projections).

While a solidly produced business plan is a measure of insurance, it's not a guarantee of success. However, it does reduce the odds that your venture will be one of the unlucky ones—and will help you, as the business owner, manager, or decision maker to keep sane in the process.

How?

How do you write a business plan? Where do you begin? What do you need to write a well-crafted plan?

The template for a business plan presented here represents an easy to follow format that has been well received by lenders at major banks and other loan agencies. It covers all the basic information that anyone in the position of lending to, forming a strategic alliance with, or supplying your company with goods and services can easily understand.

There are many business plan templates available in books, on the Internet, and through many business and government agencies that will differ from this format, but the information contained will remain essentially the same.

All business plans should start with research, as noted in each section below. Some parts of the plan require more, some less. Using credible primary and secondary sources for your information (and no, Wikipedia is NOT a credible source!) is essential to your plan.

You cannot make assumptions, such as “our customers have lots of money to spend on our products or services.” First, how do you know they have “lots of money”? Where did you find this out? Further, how much is “lots”? How much, specifically, do your customers make as annual household income? How much of that is spent on products or services like yours?

For every statement you make about your customers, market, or competitors, be prepared to back up your assumptions with facts, statistics, and information from credible sources. In a way, this is like the process of writing an essay or research paper—you must back up your thesis or argument with statements or research done by others.

Primary information sources for this process include surveys, focus groups, and interviews with potential or existing customers, for example. Primary research plays more of a role in writing a strategic plan when your business is already operating and you already have a customer base to consult about the launch of a new product or service.

Secondary sources are what you will rely on most to obtain needed information to make a strong business case for any new business or venture—**evidence** that your business WILL make money, will pay back its creditors, and will be successful. Secondary data comes from books, journals, newspapers, online sources, and government agencies’ reports, for example. Your best friend while conducting research is the local or nearest business library’s reference librarian. He or she specializes in gathering useful

information that will be of great help to you as you set out to prove your business will have customers or that your products or services are wanted or needed by a lot of people.

While you may be a very nice person, no one with any business sense is going to just “take your word for it” that your venture will succeed (except perhaps Grandma, who loves you no matter what—and might lend you some money anyway). Have someone (or several someones) who has not been involved in your business or planning to date review your plan to see if it convinces them that you will make money and be successful. An outside reader will help you to see if there are gaps in your business case that might stand out to the readers and receivers of your plan.

Write your plan in a moderately formal style—do not use first person pronouns such as I, me, my, mine. While this will feel weird, particularly if it is your business and you are the sole proprietor, write the plan as if you are writing about someone else. You can use the more friendly “we, our, ours” third person pronouns to keep the plan from tipping over into being too formal, but there is nothing wrong and everything right with using your business name or business name abbreviation frequently in your plan. (This helps you to take emotional ownership of your new venture, and reinforces in the reader’s mind who you and your organization are!)

Of course, as in any professional or academic writing, grammar, spelling, and mechanics errors do not have any place in a business plan. Believe it or not, a badly written plan, even if the content makes an air-tight business case, will fail to obtain financing, a contract, or an agreement from your reader. Poor writing will indicate to the reader that you are not intelligent or detail-oriented enough to make a success of the venture you are proposing. Don’t rely on spell or spell and grammar check in your word processing program! Use these, and then edit again, because these programs do not catch every single error. If your editing skills are not the greatest—particularly of your own work—then give the plan to one or even more other readers to edit.

Set up the headings and subheadings of your plan using a style sheet. A style sheet is merely a guide to determine the type, font, and size of each heading. Headings can be bolded or italicized to make them stand out from the body text and from other headings. Generally speaking, the main sections of your plan should be in 16 point font, the next most important headings 14 point, and smaller down to your subheadings of subheadings (as long as the headings are not smaller than your body text!). Play around with the headings until you get the appearance you want with the right levels of importance for each section. (The headings in what follows in this section, as well as the sample business plan, reflect a common style sheet format.)

Don’t use any font that cannot be read by someone with a visual disability, or merely someone with bifocals! Fancy script or super avant-garde fonts are not easily read even by those with 20-20 vision, so avoid these (these also look amateurish and cutesy,

depending on what you choose). Times New Roman is a good choice, as is Cambria, Calibri, or Goudy.

Be sure to use page numbers in your formatting (but not including your executive summary or covering/transmittal letter, cover, or table of contents). This is extremely important so that readers can look at your table of contents and quickly find the information they are looking for.

Finally, collate your business plan professionally with card stock covers, and consider a cerlox-type binding. Do not present all your hard work as a dog-eared, stapled, ink-jet printed pile of paper. Show it the respect it (and you!) deserve!

An example of a complete business plan with annotations about what the writer has done follows this section.

Parts of a Business Plan

Transmittal Letter

The transmittal letter is a covering letter you will write to not only introduce your business plan and its main, compelling points to the reader/receiver (typically a lender, potential partner, or major supplier), but also address their needs, concerns, and potential objections. Bottom line, anyone who invests in, or partners with your organization wants to know “what’s in it for me—or my company/bank?”

The transmittal letter is written much like a cover letter for a job—generally block format, with left justified text. As business readers do not have time to read a great wad of text, keep your paragraphs short, and your word choice tight and lean, while generating genuine excitement about your venture to get the reader engaged. (Avoid really cheesy or over the top, sales pitch-like statements. Save these for your advertising . . . or not.)

Executive Summary

Generally written after the plan has been completed, the executive summary is a summarized version of the highlights of your entire business plan. It’s written so that a busy reader/receiver will have at least an overview of what your business is about, what the benefits are to him/her/his or her organization, and how you plan to address his or her concerns or objections.

After all the work of researching, writing, editing, and writing, and editing a plan, you would hope the person you give it to would read it all. Unfortunately, this is not often the case. Typically, a lender will read the executive summary, look at the Table of

Contents to find the financial plan narrative and spreadsheets, and probably the market analysis sections and competitive strategy—and read those quickly. Much of what he or she will make a decision on is your interview or presentation with them.

So why bother writing the plan? YOU need to know all the details of your business and plan, so you can answer the questions that will arise in an interview or presentation. It's not wasted work—REALLY!

Anyway, an organized way to tackle this writing is to create a template of headings you used in your plan and to then fill in each section with the main points you included in your plan (like creating an outline for something you intend to write, only backwards!).

You may find you still have too much information under each heading to write a short summary. Think about what the readers/receivers will find most important or the questions he or she will need to have answered before they can lend you money or enter into an agreement with your organization. Then edit down your points to suit the readers' needs.

Write in short, concise paragraphs, using very clear language. Definitely avoid using any industry-specific jargon or acronyms, because you must never assume your reader knows as much about your business, venture, sector, or products/services as you do. Assume the reader is intelligent and knows business overall, but also assume he or she knows nothing about your specific business or venture's activities or sector (unless, in your research on the person you are meeting with you find out he/she has experience or education in your business activities, sector, or industry).

It may be hard to write a summary in one page, but do try to keep the summary to no more than three pages unless absolutely necessary. Paper clip the summary to the front of the business plan—or, as is found in some plans, put the summary immediately after the cover page and before the Table of Contents.

Cover Page

The cover page is just that—a cover for your business plan contents. You could incorporate your company's logo or logotype on this page, but avoid any cutesy graphics or pictures (no fluffy bunnies, or even pictures of your product or service). Keep the cover streamlined in appearance, with only your logo or logotype for visual interest.

The cover should include the company name, full address, email, URL, and telephone and fax numbers—nothing else.

Table of Contents

The table of contents is set up as you would for any other formal proposal or report. Use leader dots, and make sure that your page numbers and headings line up properly, or else risk making a bad impression before your reader even cracks open what you have so carefully researched and written.

Note: this is always a separate page from everything else that follows.

Business Information

The business information page is a separate page that follows the table of contents page. On it, you will list all of the details of your company:

- Company name
- Owner(s)/shareholders
- Full address
- Telephone number(s)
- Fax number(s)
- Email address
- URL
- Business organization/type (sole proprietorship, partnership, incorporated, limited company)
- Business advisors (such as those people who provide you with mentorship or guidance, trusted people with experience)
- Accountant (even if you don't have one yet, put down the person/firm you would like to have do the job)
- Lawyer or legal counsel (even if you don't have one yet, put down the person/firm you would like to have do the job)

Mission Statement

The mission statement is a sentence (or two short sentences) about what your company's mission is. The mission is generally your company's philosophy or guiding principle that is incorporated into everything your organization does financially, with customers, clients, suppliers, and employees, and within the wider community.

Values Statement

The values statement is actually a list of points your company will stand for, or defend, such as how you will conduct yourselves with customers, warranties and guarantees, and the like ("On time delivery guaranteed—or money fully refunded").

You can list these in bullet form under this heading. Each point should be short and to the point, and written in active, not passive tone. At least four or five values points should be included.

Business Concept

The business concept is extremely important to your reader, as it explains the who, what, where, when, why, and how of your business. It may be up to two pages in length when finished. You will explain, in detail, what the business is, who is involved, what it will sell, where it will operate, and how it will make money, to name a few points. In this section, you are painting a detailed picture of your business so that the reader knows, off the top, what it's about, and what the potential for success is.

- Who is starting the business? Who is involved in the business—owners, employees, advisors? Who are the customers (primary and secondary)? Who are the competitors (direct and indirect)?
- What is the business about? What will it sell (or does it sell already)? How is the concept or product unique? How does it fill a need or want?

Goals and Objectives

Goals are **what** your business or organization wants to achieve in the short term (first year or 12 month period) and sometimes, the long term (over one year). Objectives are **how** your business will achieve the goals—the **actions** the business will undertake to achieve the **goals**.

For each goal, there are usually a few objectives to complete in order to achieve the desired result. For example, if your business has a goal of achieving \$50,000 in gross sales in the first 12 months of operation, your objectives (to earn that money) would probably include:

- Implementation of the marketing plan as described in your business plan
- Training of your sales team
- Implementation of a customer service plan (to keep the customers happy and coming back for more)
- Ongoing monitoring of marketing activities to ensure the right message is getting to target and secondary customers

Goals and objectives both need to be **SMART**: specific, measurable, achievable, reasonable, and time sensitive. If either goals or the corresponding objectives are too vague, or lack deadlines/timelines, then there is nothing to measure success against to determine if your organization is going to meet the goal.

Market Analysis

In the market analysis section, you will be proving that:

- The economy in the region you plan to operate in is strong enough to support sales of your products and services
- Businesses in your sector are doing well in terms of sales and growth, or are surviving well through an economic downturn
- Social trends support consumers wanting to buy your products or services
- You have primary and secondary customers—and they have the financial resources and psychographic motivation to want to buy your products and services
- You know who your competitors are, and more importantly, how to compete successfully with them

The market analysis section is probably the most important section in the entire plan when it comes to building a business case—to prove that your products and services are in demand, will be purchased, and at a volume/rate that will make your business excellent profits.

If your business was a bird, one of its wings would be the market analysis sections, and the other would be the financial plan. If you don't know the marketplace, and cannot prove there is a market for your products and services in the short and long term, then your business bird is going to lose that wing and spiral to the ground (failure). If your business does not have a firm plan to generate income while managing expenses, and miscalculates due to insufficient research, then the other wing will be lost and the bird will, again, spiral to the ground.

That's how important this section is, and it's often overlooked or considered just something to write some vague assumptions into. If you cannot make a business case in this section, you really shouldn't start your new venture, because it will be far too risky.

1.1 Overall market analysis

In this section of the plan, you will assess the overall market for your business's products and/or services. The economic situation in the community or region you plan to sell in is important to assess, because if, for example, your region has been hit hard by a recession or major layoffs at the biggest employer in town, this may affect your customers' ability to buy what you are selling. This depends very much on what you are selling—if you are selling basics that everyone needs, such as groceries, then people will always buy, but it depends on whether you sell basic foodstuffs or if you are selling luxury food items.

Another factor to consider in overall market analysis is the situation in your business sector or industry. How well are businesses like yours doing in Ontario, Canada, or North America? How are sales in your sector? Which items or services are selling well for businesses like yours? Which are not selling well? Are there many businesses like yours “going under,” or is there a demand for more of what you have to offer?

Finally, consider societal and social trends’ impact on your business’s products and services. For example, if you are selling locally raised and grown meats, vegetables, and fruit out of your food market, you would probably want to note that a strong trend in North America is that of the locavore, or consumer who wants to buy food locally to minimize environmental impact, directly support the farmers who grow/raise the food, and generally connect more directly to the community in which he or she lives. This trend could indicate a fairly strong interest in the organic products or services you are selling.

As another example, recent outbreaks and anticipated pandemics of flu and other viruses have caused many people concern about keeping their environment and selves germ-free. If you were selling some sanitizing product that is even better than what is currently available, you might want to note this societal concern about germs, and quote some statistics about how many North Americans buy and use hand sanitizer, for example.

In order to research this information, you will consult demographic and statistical “specialist” sources such as Statistics Canada, industry/trade publications and reports, newspaper and magazine/journal articles, and other resource that would be available at the public library’s reference section. Remember that you have to prove your assumptions about the economy, the business sector, and societal/social trends with facts and statistics from credible sources—or else your business case will not be convincing.

1.2 Customer analysis

In this section, you apply research into the demographics and psychographics of your primary and secondary customers. Primary customers are those who are most likely to regularly buy your products and services—secondary customers are those who are next most likely to buy from you, maybe on an occasional basis. (You will want far more of the primary customer type than the secondary—and will target your marketing efforts to the primary customer.)

First, you have to identify who your customers are. You start with a reasonable assumption about how old they are and their interest in the products or services you are selling. You also want to consider if they can afford what you are selling, and if they already buy products or services like yours.

Then you have to PROVE that the group you THINK will buy from you will, INDEED, buy from you. This where you have to look at both their ability and interest in buying (demographics) and their motivation (psychographics) to follow through and purchase. This is the crux of the matter when it comes to making a strong business case—proving that you have customers, who they are, how you know they will buy, and what motivates them to buy.

Demographics are the measurable, more tangible characteristics of your customers, such as:

- Their average annual income
- Highest education achieved
- Profession/career
- The amount of money they spend out of total household income on products/services like the ones you are selling

These are numbers, dollar figures, and percentages. For example, it would be helpful to not only know how much money your primary customers make in a year, but how much they spend on the products you are selling out of that total income. If you can find a statistic that states your primary customer has a income of \$40,000 per year, and spends 5% of that on your type of products/services, then you will know that the customer spends an average of \$2,000 per year on those products.

So then you have a BETTER idea that your customers will be interested in buying, and already do, but you still have to improve your odds. You need to prove that your customers are motivated to buy what you have to sell.

That's where psychographics come in. Psychographics are basically "what makes customers tick." Consumers' buying habits are very much driven not just by obvious, practical reasons, but the less tangible, such as a fear of not fitting in with the others, wanting to better than the Joneses (status), or the need to feel loved.

The best sources for this kind of information are polls, surveys, and similar found in magazines, trade journals, some websites, and books. There are many books currently available through the library or bookstore that include excellent research into what drives consumer behaviour—some focus on women, others on Baby Boomers, and still others on teens and children. Ask your reference librarian for help on this—he or she will also have access to the most up to date data on consumer behaviour particularly if the library you visit is a larger one in an urban centre.

Once you have determined who your customers are, what they spend, if they buy your type of products/services, and then that they are motivated to buy, then you have further solidified your business case.

1.2a Primary customers: Demographic profile

As mentioned previously, in this section you will provide a demographic description of your **primary** (people most likely to buy from you) customers. Be sure to back up anything you say about your customers with statistics and data from credible sources—or else what you say is an assumption that will not stand up as a business case.

1.2b Primary customers: Psychographic profile

In this section, describe the psychographic profile of your **primary** customer group. What motivates them to buy your products or services? What makes them tick? What are the emotions or psychological rationale behind your customers' purchase of your products or services?

1.2c Secondary customers: Demographic profile

In this section, you will provide a demographic description of your **secondary** (people who will sometimes buy from you) customers. Be sure to back up anything you say about your customers with statistics and data from credible sources—or else what you say is an assumption that will not stand up as a business case.

1.2d Secondary customers: Psychographic profile

In this section, describe the psychographic profile of your **secondary** customer group. What motivates them to buy your products or services? What makes them tick? What are the emotions or psychological rationale behind your customers' purchase of your products or services?

1.3 Competitive analysis

For this section, you will need to gather "intelligence" on your company or organization's competitors . . . and not just from the Yellow Pages!

Unfortunately, many entrepreneurs fail to conduct in-depth research and analysis of their competition, only to find that they are unprepared for the actual threat their competitors present when the new venture starts up. This is a major weakness, because if you don't know your competitors' strengths, weaknesses, opportunities, and threats, you are making very scary assumptions that you can compete successfully with them—this is a key factor in business failure.

Go to the business, call them, or otherwise contact them. Check out their website, sales materials, and advertising or promotional efforts. Act like a customer, and see what they have to say about what they sell, to whom they sell, and so on . . . gather as much information as you can. If you have a hard time doing this because you feel like

you are going to be “found out” as a potential competitor, get a friend or family member to help.

How do you find competitors? Check out Chambers of Commerce directories of local businesses. Do a Google search. Look at a copy of the Scott’s Directory at your local library reference desk (this lists all companies in your sector, community, and so on, with details about size, number of employees, and so on). The library will also have other directories specific to your business sector that might be helpful.

Repeat: the Yellow Pages directory (and even the white pages) does not list every competitor. There are many competitors who fly under the radar because they are not advertising, yet they are an indirect threat.

Direct competitors are those businesses or organizations that will compete directly with you—selling the same or very similar products or services, selling to the same customer base, and in the same service area. They are almost clones of your business or organization, and present the greatest threat and challenge to your business as you try to gain market share. Your competitive strategy really needs to address these businesses first.

Indirect competitors are those businesses or organizations that sell some of what you do, but not all, or which do not specialize in a certain product or service like your business might. Another group of indirect competitors would be those organizations selling products or services that are perceived by the customer to be a replacement or reasonable substitute for your products or services. There are many more indirect competitors usually than direct ones to consider, but fortunately, as these are not competing head to head with your organization, they are not as much of a threat.

For example, a direct competitor to a Tim Hortons would be a Country Style restaurant. Both offer donuts, coffee, treats, and lunch-style foods, such as sandwiches and soup. An indirect competitor to a Tim Hortons would be a grocery store bakery, which sells donuts, treats, baked goods, and maybe even coffee, but not lunch items. It is also indirect in that it’s probably not as accessible by people when travelling or going to work, and probably doesn’t sell the same range of donuts as a Tim Hortons. Another indirect competitor to Tim Hortons might be an independent donut store, which is selling different kinds of donuts and baked goods, and is probably not open as many hours in the day.

You will assess EACH direct competitor and EACH GROUP of indirect competitors with a SWOT (strengths, weaknesses, opportunities, and threats) analysis:

- Strengths: What are the strengths of the competitor? Have they been in business for a long time? Do they have a good reputation in the community? Have they “beaten out” other competitors who have come into the market? Do they have

high quality products or services? Loyal customers? (The goal of this part of analysis is not to scare you into thinking you can't compete, but you do need to know so you can plan a good strategy to win some of the competitors' market share!)

- **Weaknesses:** What are the weaknesses of the competition? Bad location? Poor customer service? High prices? Lack of products people are looking for/low inventory? Long response time to customer inquiries? Try not to just go on hearsay in terms of identifying weaknesses, and try to verify anything you hear. This makes your competitive strategy all the stronger for having accurate information.
- **Opportunities:** Opportunities are those niches, or sales opportunities that your competitors are missing. For example, if you are selling shoes, and you know that your customers (and the competitor's) are looking for a certain brand of sport sandal—and the competitor is not selling these—you might contact the sandal manufacturer for an exclusive contract to sell these in your community. You would then be offering something the customer wants—that the competitor then could not obtain for his or her store due to your exclusive contract.
- **Threats:** Yes, every competitor represents a threat. However, knowing what the threats are is key to knowing how to counter them with a competitive strategy. A threat is what your competitor **COULD** potentially do when you enter the market and start to threaten their market share by taking away customers or doing better than they are in sales and reputation. A potential threat could be that your competitor enters into a price war—lowering prices to undercut yours; another might be that the competitor offers a sale or special discounts to lure your customers away.

Think about what your competitors might possibly do. If you have a hard time thinking about this, try putting yourself in their shoes to imagine what they might do. Your research into the competition might also uncover what they have done in the past when a competitor like you entered the market place—what did the competitor do in this instance? This could be a clue as to what they might do.

Finally, after you have SWOTted your competitors, you will analyze all of the information and come up with a plan to compete with your competitors, based on your findings. This is a plan to meet or exceed the strengths of your competitors, take advantage of their weaknesses, maximize the opportunities they are missing, and proactively address threats they might pose when you start to compete with them.

1.3a Direct competitors: SWOT analysis

In this section, you will conduct a SWOT analysis on EACH of your direct competitors. Be as detailed as you can, even if some of the information seems quite daunting and scary to contemplate. Better to know than not know as much as possible about your direct competitors, as these are the ones who will be “going head-to-head” with your company . . . forewarned is forearmed!

In terms of format, it’s suggested that you use some subheadings in this section for each competitor (their business name), and then the SWOT for each competitor under these subheadings.

1.3b Indirect competitors: SWOT analysis

In this section as well, you will conduct a SWOT analysis—but on EACH GROUP of your indirect competitors.

For example, if you were selling custom jewelry, one of your indirect competitor groups might be department stores (like Sears or The Bay). These stores sell jewelry, but do not specialize in selling it, retailing a wide range of goods from socks to lawnmowers. Consumers may feel that the jewelry in the department store is comparable to or a replacement for what you sell, but these customers would probably be your secondary customers anyway—not interested in the custom aspect of your work (and unwilling to pay more for it).

Strengths would be that these stores are open perhaps more hours than you are, have cheaper prices for jewelry, and are convenient for shoppers buying more than one type of product/item in one store. Weaknesses would include the fact that the jewelry is not custom-made to the specifications of the customer and is of inferior quality, and that customer service is not well informed (sales staff being paid minimum wage—people who don’t have your expertise in metallurgy or gemology, for example).

Opportunities the typical department store is obviously missing out on include the societal trend toward buying locally from local artisans; as local artisan, you are selling in smaller quantities and can meet your customers directly—department stores have to buy in volume and at lower wholesale prices from mass producers around the world.

Are there any threats? Well, even if there are not any major threats, it’s important to note this. In this case, the threat presented by major department stores is minimal to none. It’s highly unlikely that a Sears is going to be threatened by your entry into the market, because you would represent such a small incursion into their local market share. In fact, the customers who would buy from you —probably being well to do and able to buy lots of jewelry—may also buy cheaper pieces from a bigger store.

While it's important to be detailed in this section, these competitors do not represent as much of a threat to your business as they are indirect, so don't worry too much if you don't have as much specific information or data to apply to this analysis. Merely acknowledging that these competitors do exist and are somewhat of a challenge is good enough for most of your readers.

In terms of format, it's suggested that you use some subheadings in this section for each competitor GROUP (listing some of their business names as examples in the specific subsection), and then the SWOT for each competitor group under these subheadings.

1.3c Competitive strategy

As mentioned previously, the competitive strategy is where you will lay out what your company or organization will do to compete successfully with your direct (and to a certain extent, indirect) competitors.

The easiest and most straightforward way to organize this information is to use subheadings for EACH direct competitor, and then for each GROUP of indirect competitors, as you have already outlined in the previous sections. This time around, though, you will state SPECIFICALLY **how** your company or organization will meet/exceed strengths, capitalize on weaknesses, exploit opportunities they are missing out on, and proactively plan for any potential threats (actions they might take if feeling threatened by your organization).

In other words, the previous sections outlined what the SWOT is for each direct/group of indirect competitors, and now you are going to describe what your company plans to do about this information. This plan is going to help convince the reader that you have, with clear eyes, determined what some of the risks and rewards are, and have a plan to manage or avoid risks, and maximize rewards.

Marketing Plan

The marketing plan describes what your company will do to get the word out to primary and secondary customers, as well as the community/region you serve. Many people confuse the word marketing with advertising, and specifically, print advertising. While print advertising can certainly play a major role in marketing, it is but one way of effectively reaching your customers.

Specifically, there are four different components in the marketing program presented in this outline: advertising campaign, promotional campaign, identification and promotional materials, and pricing, placement, and distribution.

The advertising campaign includes print, radio, television, online, and social media—for which your company will pay a newspaper, radio station, or Facebook, for example, to advertise your company using key messages to your customers.

The promotional campaign includes promotional activities and events your company will undertake to build credibility, reputation, and awareness of your company with potential customers and the communities you serve. For example, promotional activities could include sponsorship of a baseball team, or fundraising for a cause that is of interest or concern to your primary customers, or a crazy stunt like everyone in your company shaving their heads to support cancer research. The bottom line is that the promotion should be based on what your customers' wants, needs, and concerns are, so you appear to be working with them and supporting them in more aspects of their lives than just selling them products and services. Note that promotional activities are not "free advertising"—there is always a cost of some sort to put on an event, sponsor fundraising, or even loan out your employees for a day to support a worthy cause.

Identification and promotional materials include business cards, brochures, catalogues, flyers, presentation covers, media kits, CDs, coupons, samples, and your website, to name but a few. These are materials that your company will produce to inform the public about who you are, what you do, the benefits to the customer, and testimonials, for example. These definitely cost money, and even if you are able to design or create these on your own, you are advised to still put in the equivalent of what it would cost for someone else to do the work into your budget. When you get busy in your business, you will not have time to create these materials or maintain a website, and if you haven't budgeted for paying someone else, your marketing program will be in jeopardy.

You need to determine the price you will charge for your product or service. This is based on a number of different methods, some more scientific and specific than others. Do some research into these methods, which include looking at what competitors are charging for the same/similar items, what the customer is willing to pay, the base cost to produce or offer the product or service, and mark-up. Many companies make the mistake of tying their pricing to a competitor's—when it turns out the competitor is not making any profit on their pricing, you will find it hard to then increase prices to make more money, because your customer will be used to what has been established. Don't forget to factor in all of the costs of producing products and services—including your office and administrative overhead. Finally, don't forget to factor in a percentage of mark-up. What you can apply as mark-up depends on the industry and sector you are in, what the market/customers will bear, and the type of product or service you are selling.

Placement and distribution refers to where you will place and/or distribute your products or services for sale. This is more relevant to retail and manufacturing businesses than service-based ventures or organizations.

Before you can establish a marketing plan, you need to know what makes your customers tick—their psychographics, as you have already (hopefully!) identified in the Market Analysis section. The reason for this is that your key messages that you want to get across to the customer in advertising and promotional activities need to appeal to their emotional, psychological, social, and practical needs or wants. Selling is all about making the correct emotional appeal to the potential customer’s underlying reasons for buying.

Look at a Nike ad in a magazine. Often, the picture takes up most of the ad, and it really has nothing to do with what is being sold (say a pair of running shoes). A fit, healthy young woman runs by a field of wheat, blue skies overhead, and the wide-open road ahead of her. In fact, she appears small against the landscape. You can’t even see the Nike “swoosh” on her clothes or shoes.

What is happening here is an appeal to the primary customer’s psychological and emotional need to appear fit, to achieve health, to feel free like the woman running along the country road. It is what the shoes and clothes REPRESENT to the customer—freedom, fitness, mastery, and attractiveness—more than the actual products themselves.

Your customers’ media habits—what they read, listen to, or otherwise look at in terms of media is very important to know. Advertising in a community newspaper, for example, when you know your customers are between the ages of 17 and 28, and do not generally read any newspaper—is going to be a waste of your hard-earned marketing dollars. The ad may reach their parents or grandparents, who would be reading it at least occasionally, but you wouldn’t want to blow a lot of money on such advertising when there are better ways to get the key messages across to these youth. However, if you know your primary customers are constantly on Facebook and other social media, you would want to invest in marketing through that medium more heavily.

It’s all about putting the right message out at the right time and in the right place.

You also need to know what your competitors are doing with their marketing. Sadly, many businesses think of their marketing last when it comes to their annual budget—and they struggle to attract customers because they have no idea what types of advertising and promotion their customers respond to, never mind their psychographic profile, to help produce messages that will make the correct appeal to purchase. This would be a distinct advantage to you, though, if you have competitors who are not conducting a comprehensive, targeted-to-the-customer marketing campaign.

You will need to identify which specific media or promotional activities you will want to include in your plan—and when you will advertise or conduct a promotion or event; what? the size/quantity of each form of advertising or promotion; and where you will

advertise or promote the business. You will have to obtain costs for each form of advertising and promotion you plan to do.

Determine your pricing, placement, and distribution, using the appropriate methods for your particular business sector, industry, customers, and specific products/services.

Finally, you will need to determine how you will assess if the marketing program is working. This section is called Controls, because you will control the outcome of your marketing by setting up methods to assess if it is reaching your primary customers. A control can be as simple as having your staff or employees ask each customer (whether purchasing or just checking your products out) where he/she heard about your company. While many people won't remember a specific ad or jingle on the radio, they may say "the newspaper" or "the radio," and you will know where you did advertise, so that narrows down whether that form of advertising is working. Even better, asking specific questions in a customer questionnaire, perhaps tied in with a draw (to reward them for responding to your questions) is a good idea. Some companies also use a database to record and track this information. If you have a website and web marketing programs, you will be able to track, with a greater detail, whether certain messages or pages are attracting people, or whether you need to incorporate different common search terms into your web text to connect with more customers.

2.1 Summary of market analysis

In this section, you will summarize what you have found in your market analysis, stating:

- The current status of the overall market—including how well the sector is doing, the local/service area economy, and so on
- Who your customers are and how you know they will be interested in your products or services (primary and secondary demographics and psychographics)
- Who your direct and groups of indirect competitors are, and a brief description of their SWOT
- A sentence or two about your competitive strategy

Why are you repeating this information in this section of the plan? Simply because you want to be sure your reader sees this important information about the market, and that your company will be able to sell effectively to customers, while keeping an eye on the overall market situation and competing with a strategy based on competitors' SWOT.

They may not get to read all of your market analysis, so it's a good idea to repeat the main points of it so the idea is driven home that your business or venture will work.

2.2 Marketing goals and objectives

The marketing goals and objectives are the much like the Goals and Objectives you created earlier in the plan, but are focused on your company's marketing—NOT the business as a whole. Remember that goals are what you want to achieve in terms of your marketing plan, and objectives are what you need to do marketing wise to achieve these goals.

For example, a goal in this section might be to "establish ABC Company as the number one choice for widget sales and services in the Tri-City Area." One of the objectives to achieve this goal might be something like "implementation of our advertising program in X newspapers, with daily advertisements between June and November to bombard our potential customers with the message that ABC is the place to buy and repair widgets at competitive prices."

Yes, there will be crossover between what you state as a goal here and perhaps some of the goals stated in the Goals and Objectives section of this plan. Marketing is key to realizing your company's or organization's goals overall. Remember, repetition is great for getting the message across to readers.

2.3 Situation analysis

In this section, you will summarize what other businesses in your sector are doing for marketing (*The marketplace*).

You will describe for the reader what your competitors already know or do about marketing that works to reach the customer. You will also describe what you know about how best to reach the customer—and what you plan to do with this information—and how your competitors are not pursuing this avenue of marketing.

This is somewhat like a SWOT focused on the competitors' marketing, but is specifically describing what they know (information parity) and what they don't know (information advantage—your company's advantage over the competition).

2.3a The marketplace

As mentioned above, in this section, describe what businesses or organizations in your industry or sector currently do for marketing (or not). You will want to describe what your business will do that is the same as many other businesses like yours, and what it will do that is different (and why).

2.3b Information parity and advantage

As mentioned previously, in this section you will describe information parity (what your competitors know about marketing and what you will do similarly) and information advantage (what you know about marketing to your customers that your competitors DON'T know, but that your company will follow through on).

2.4 Marketing program

In this section, you will describe the key messages (influence points) you want to share with your customers, based on their psychographic and demographic profile. Knowing what makes your customers tick will help you to develop key messages that will play to their concerns, hopes, fears, and dreams—effectively drawing them in with your advertising and promotional activities to buy from you.

You will also define your business's position versus the competition. If you cannot do that in your marketing activities, then you will, inadvertently, advertise for your competitors who are better known and established. In other words, you need to stand out from the competition in a meaningful way in order for people to notice your organization (and no, "we have the lowest prices around" is not "different" enough to help you stand out!).

The heart of this section is a detailed description of what your business will do for advertising, promotion, identification and promotional materials, and pricing, placement, and distribution. This is the who, what, where, when, why, and how of your marketing to primary and secondary customers, while competing effectively with your competitors.

Finally, you will describe how you will evaluate the effectiveness of your marketing program in the Controls section.

2.4a Primary and secondary influence points

Hopefully this section doesn't confuse you. Primary and secondary influence points are not specific to primary and secondary customers—what these points are is a prioritized list of the messages you want to convey to all of your customers, based on their psychographic profile.

Primary influence points correspond to customers' most important psychographic traits—what you offer that meets a specific, important need, want, concern, or dream, for example. Secondary influence points correspond to customers' less important psychographic traits, but help to further reinforce that what you are selling is something they should have!

For example, if you were selling anti-wrinkle cream to women between the ages of 40 and 65, and you knew one of the main concerns of these customers was to preserve a youthful appearance—and your product an excellent job of minimizing wrinkles—then one of the primary influence points would be that the cream will help to maintain a youthful appearance through minimization of the appearance of wrinkles. (You can't say that your cream "cures" or "eliminates" wrinkles, because no such product has been proven to exist...)

You might include a picture of a very youthful looking, but older woman in the ad, demonstrating and underlining the primary influence point that you too, if using this cream, can look as youthful and attractive as the model.

The basis for a secondary influence point might be that your customers prefer to buy products made with organic materials, because they are concerned for the environment (just not as concerned as about their appearance). Your influence point might then be that your wrinkle cream is not only effective in maintaining youthfulness, but is also cruelty and chemical free, being based on certified organic ingredients.

In order to create a short list of primary and secondary influence points, review your customers' psychographic profile, see where your primary and secondary customers have similar or the same concerns, and which concerns are most important to least. List these, and develop a further prioritized list of primary and then secondary influence points.

These points eventually provide a base for any text and the selection of helpful images for your advertising, website, and for scripting for television and radio advertising.

2.4b Marketing SWOT: primary/secondary competitors

As mentioned previously, this section is where you will undertake a SWOT analysis of each primary and each GROUP of secondary competitors' MARKETING (not to be confused with your SWOT analysis of competitors in the Market Analysis section).

This will help you to determine what you will do in terms of marketing strategy to meet/exceed their marketing strengths, capitalize on weaknesses, take advantage of opportunities (ie. media the competition is not using for advertising that you know your customers pay attention to), and minimize threats (that they try to "out-market" your company).

2.4c Positioning statement

In this section, you will define your company or organization's unique position in the marketplace as compared to competitors, and in reference to your customers' demographic and psychographic profile.

What is your unique selling proposition, or USP? The USP is what makes your company truly different from the competition, standing out from them. As mentioned previously, if you have no idea what makes your organization different from other companies, then you are going to have a hard time making any impact with your advertising. Potential customers may think your ads are for your competitors—when they cannot distinguish any difference between you and know the competition better.

If you were writing a plan for a pizza shop, what would make you stand out from the other 25 pizza operations in your city? You can't make vague comments like "best pizza in town", or "freshest ingredients," because these statements are highly subjective and probably your competitors can make the same kind of claims.

Therefore, what makes your pizza different if you all offer delicious pies with a variety of standard toppings, have quick delivery, reasonable prices, and excellent customer service?

Let's say that every other pizza joint in town sells pizza on a basic white or whole-wheat crust, thin, thick, and everything in between. However, your company sells gluten-free, wheat-free, and even egg or dairy-free pizza crusts for people who cannot eat wheat—as well as wheat pizzas for those who can. None of your competitors (and you checked!) provide certified organic veggies, locally made artisanal cheeses, or homemade, organic tomato sauce.

So, what is your company's unique selling proposition? **Delicious pizzas that maintain health and well being with gluten, egg, and dairy free crust options and certified organic toppings.** This is what makes you stand out from your competitors when everything else you do and offer is similar.

Out of this USP, you could then work on a tagline that you would incorporate into every advertisement and promotional activity you produce for your company. (The tagline would be a lot less wordy and more engaging than your USP.)

2.4d Program components

What follows are the components of your marketing program—the who, what, where, when, why, and how of your advertising, promotional activities, identification and promotional materials, and pricing, placement, and distribution.

You write this part of the plan so that you can refer back to it and keep on track with marketing for your company. Once your venture is underway, you will forget details, and this will help you to stay on budget and achieve marketing goals.

Advertising campaign

In this section, you will provide as many details as possible on your advertising campaign. Having the detail here will prevent a lot of confusion later when you are so busy you cannot remember what you planned to do!

Print advertising: Which newspapers or magazines will you advertise in? What size ads will you buy in each? How often will you advertise? (Monthly? Weekly? Daily? Seasonally?) Will you design the ads yourself/within your company, or will the publisher's staff take care of this detail? How are you to transmit the ad if you design it yourself—electronic copy? Hard copy? What artwork would have to provide? Logos? What is the deadline for submission of each ad? Who do you send it to? Any opportunity to also have editorial written about your business or new products/services? Any opportunities for more promotion through sponsorship of events or draws? How much does each ad cost—and is there a discount for pre-payment or for multiple buys?

Radio/television advertising: Which stations will you advertise with? How much air time are you buying for each ad? How often will your ads be aired? When will they be aired (time, day of week, in conjunction with certain shows)? Who will produce the ads? What do you have to provide for the ads to be produced? Will you do your own voice-overs? Is there any additional opportunity for promotion, such as sponsorship of special events or causes the stations are supporting? Is there a discount for pre-payment or multiple buys? Who is your contact person?

Online advertising: Where will you advertise on line? Which websites? What e-zines or directories will you advertise with? How much does each ad cost? How long will the ad "run" online? Can your ad be linked back to your website, or those of your suppliers or other partners?

Other advertising: How about the Yellow Pages and similar directories? Any deals on print and online advertising combination packages? Other relevant forms of advertising?

Promotional campaign

In this section, describe the promotional events your company will take part in or sponsor. Provide as much details as possible about who will be involved; where these will be held; what will be happening; when (dates or duration); how (step by step plans); and why you are conducting or taking part in these promotional events. (Usually you are involved because your customers are concerned about a specific cause or community situation, and you want to be seen as supporting them in their concerns—contributing added value to their lives beyond merely selling to them.)

Promotions also include sponsorship of draws, sports teams, prizes for events, and other related supports of community and social groups and events.

Don't forget to explain how much each event or promotion costs your company. All too often organizations fail to consider what the costs are for promotional activities, assuming them to be "free" or "low cost". Pretty much everything you do promotionally has a cost, even if it's something like donating your employees' time during a weekday. (You have to still pay them, but they are not working for you at that time, so that's a cost!)

Identification and promotional materials

In this section, you will describe and provide details on the identification and promotional materials your company will produce to promote itself. These include a company website, web marketing (such as through Google AdWords and similar), brochures, catalogues, CDs, videos, business cards, postcards, and so on.

As in the previous sections, be sure to provide as much detail as possible so you know what to do when the time comes...and be sure to include accurate costing based on the number/quantity to be produced and/or purchased.

Pricing, placement, and distribution

Here you will describe the prices for at least your most commonly sold products and services, breaking down the cost to provide/produce each item/service (including administrative overhead costs), cost of distribution, retailing, and shipping (if applicable), and price markup (usually a percentage added to the base cost) for a final, "all-in" price to the consumer.

This pricing is the basis from which you can make cash flow and revenue projections in your Financial Plan.

You will also describe how—and WHY you plan to place and distribute your products and services—the channels and/or locations through which sales will happen (Online? In your own store or facility? Through other stores?).

2.4e Controls

The controls section of the plan is where you will describe how your company will monitor the effectiveness of the marketing program. Controls include any tracking or assessment mechanism you set up, such as asking customers at point of sale where they heard about you, sending out customer questionnaires (with some sort of incentive such as a discount to complete) to regular customers, focus groups, and web marketing results monitoring.

If you don't have controls in place, you will have no idea beyond an increased number of customers whether your marketing program is working, or if you need to adjust it to

spend more time and money on certain types of advertising or promotion over others that are not drawing in as many customers.

2.4f Marketing plan financial narrative

This section can be considered optional if you provide all of this detail in your Financial Plan narrative, which follows. What you include here is a written description of your advertising and promotional activities (including company identification and promotional materials), and the cost for each type of advertising and promotion.

If you choose to include this section, it's suggested you create the marketing plan financials (following) first, so you have a spreadsheet of the details you have to explain in text format.

2.4g Marketing plan financials (spreadsheets)

This section is, again, optional if you choose to provide more detail on your marketing plan financials in your financial plan spreadsheets. If you choose to do this, put in the heading here, and refer your reader to the appropriate page or the Appendix where they can find the spreadsheet(s). Don't try to insert it into the plan, as it breaks up the text (and there is more to follow).

In the marketing plan financials, it is suggested you set up a 12-month spreadsheet by months (ie. January, February, March...), with categories of expenses down the left side (ie. Newspaper Advertising, Radio Advertising...). You will provide expenses for each category in each month in the corresponding space/column, and total for each type of expense (right side of page) and each month (bottom of monthly column).

Using Excel is a great idea, as it can be set up to do the calculations for you (no hassles with a calculator—or nasty math on paper!).

Human Resources

In this section, you will be providing the reader information about who will be managing your organization or venture, employees to be hired, and any partners in the business. You might also want to include information about any mentors or business advisors, including lawyers, accountants, or technical consultants that will be involved in your venture.

Some of the people to be involved will already be known (such as the business owner or manager). Create a subheading with the person's full name and the position they will hold in the venture/business (ie. Jane Jones, Owner/Operator, or John Smith, Administrative Assistant).

Under each heading, write what is essentially a mini-biography of that person in a few short paragraphs. You want to share with the reader what that person will do (job description/duties/responsibilities), what his/her qualifications and experience are related to his/her role in the venture, whether the position is contract, part-time, or full-time, how much he or she will be paid and pay structure (salaried, hourly pay, pay-per-project), and any benefits or perks.

For those positions yet to be filled, or to be hired for in future, you will create subheadings of those job titles (ie. Counter Clerk or Cashier), and then include a brief job description, the qualifications and experience you will be seeking in candidates for the job, and the pay/benefits structure. You will also want to state when you plan to hire someone for the position.

Risk Management

Readers reviewing your plan, particularly in consideration of lending to your company or organization, are going to want to know how you plan to manage risk.

There are three categories of risk to consider: market (ie. overall market conditions, customer situation, and competitive threat), operational (ie. supply chain, facility concerns, inventory), and financial (ie. unexpected increases in certain expenses due to market forces, need to hire more staff to meet demand).

Market risks include such potential threats as an economic slump in your region, high unemployment in your customer base, regular customers moving away from your area, changing demographics and psychographics of your customers (which mean you need to change what or how you sell to them), and more competitors moving into your service area or competing more strongly with you. Anything related to your market (as you have defined in your market analysis)—any change that affects your customers, overall market situation, or competitors—that could be a risk to business survival should be described, with a proactive strategy to avoid the risk, and a contingency plan if the problems occur.

Operational risks to consider might be if a major supplier goes out of business, you can't find reliable staff to work for your company, or you have to buy new machinery or equipment. Anything related to the operation of your business that could potentially "go wrong" should be considered a risk—and you have to describe how you will deal proactively to avoid these risks, and what your company will do if these risks come to pass.

Financial risks are numerous in starting up any new business or venture, particularly as so much is really unknown about how it will all work out. (While having a plan helps to minimize risk overall, it's highly likely something will crop up that will be a challenge financially.) Financial risks could include an increase in the cost of some key ingredient

or product for your products or services; a supplier increasing prices; a minimum wage increase; legal action against your company; unexpected regulatory costs. Play devil's advocate and think about what could potentially go wrong financially. Describe the known financial risks; tell how your company will act to avoid these risks, and what it will do if all else fails.

What the reader wants to know, ultimately, is that you know what could go wrong, you have a plan to deal proactively and on a contingency basis—and that their investment of time or money in your venture will be protected and continue to generate revenue or other rewards for them.

Financial Plan Narrative

The financial plan narrative is a written explanation of the spreadsheets that follow, so it's a good idea to create the spreadsheets and then work from the numbers and information included on these.

You include in this section a description of each type or category of expense (such as office supplies—no need for such detail as how much you will spend on paper clips versus pens, for example!) over your first 12 months of operation; how much you are spending—and why.

What you are doing is hopefully minimizing any possibility of readers' objections to your plan based on not understanding your financial spreadsheets. For example, if your company will spend \$3500 on web marketing in March, and then nothing in subsequent months, your reader(s) might question why you are not spending consistently when your marketing plan indicates you are going to be having a monthly AdWords campaign. You would explain that you are paying for all web marketing in a lump sum for a 12-month period.

Think of your narrative as not only further explanation of the numbers and information in your spreadsheets, but an additional opportunity to show the reader you have thought of every possible detail and question they may raise in discussion with you. You want to appear as competent and "on top of things" as possible so they are confident lending to or working with you.

Financial Plan Spreadsheets

(NOTE: there is no title inserted here. Insert the spreadsheets following your text of plan.)

The financial plan spreadsheets generally include cash flow projections for at least the first year (12-month period), if not two or three years. Check with the persons or organizations you are submitting the plan to how many years to include.

Cash flow projections include projected income/revenue and ALL expenses of the business. Projecting revenue is tricky when your business or venture is just starting up, but you can project how much you will sell and how much revenue you will generate (gross) from your pricing and how much you think you can sell in each month. Sometimes you have to talk to others in your industry or sector to determine how much that is in order to estimate effectively. There are many resources available through your local business development centre, the library, and industry/trade sources to help with this, but some of it is probably going to be your best guess.

It's important not to be completely unrealistic about your prospects (too optimistic), but at the same time, to realize if you take your own good advice and implement your marketing plan, monitor it for effectiveness, and keep track of your customers and competitors' situation and react to it in a timely way, you should be able to realize increasing sales as months pass and people get to know your business or venture.

Expenses are easier to obtain for your venture, particularly if your organization has already been in business a while. Make sure you obtain at least three quotes for prices of your most expensive services, products, supplies, equipment, and so on, and go with the most expensive of the three as the cost. This is the worst-case scenario, and it means you have some wiggle room if it turns out you DO have to buy the more expensive service or item. Prices do go up when you least expect them to, cheaper suppliers go out of business, and the unexpected—like a computer dying— can and will happen. What you save in one area of your budget you can apply to other unexpected cost increases.

On that note, it's a good idea to include some money (not a huge amount relative to the rest of your budget) in each month for a contingency fund—to cover those nasty surprises. It's also a good idea to estimate your costs a bit higher across your expenses so that you are prepared for the unexpected.

On a final note, beware putting in a huge wage or salary for yourself relative to what your company or venture will make. Anyone lending to you will want to know that you are putting the money you make back into the company to keep it solvent and able to pay them back...with interest. If you are the entrepreneur starting the venture, remember that you are paid LAST—after everyone and everything else is paid for.

Appendices

(NOTE: you will need to set up a cover page for appendices, and attach after the Financial Plan spreadsheets)

The appendices are additional pieces of information that will help readers to better understand your plan and the business case for your new venture or business.

Anything that is too big to insert into the plan, such as large charts, illustrations, articles, or other text should be discussed in the appropriate section in your plan, with a referral to the reader to find the entire chart, text, or illustration in the Appendix or Appendices section.

Do not, however, junk up the Appendix section with a lot of material that is not strictly relevant to the defense of the business case. Plans with too many appendices will appear to be sloppily put together, like you weren't quite sure what to include or write, so you threw it all in there.

It is suggested that your separate Appendix or Appendices page feature a table of contents (with leader dots, and page numbers in Roman numerals) so that the reader can quickly find what he or she is looking for. Remember to number the pages appropriately.