

**OCRI** | **ENTREPRENEURSHIP CENTRE**

# **ONTARIO SECONDARY SCHOOL BUSINESS PLAN COMPETITION 2009**



## **BUSINESS PLAN WORKBOOK**

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## **So, you want to be an entrepreneur?**

In pursuing your dream, you will be the biggest factor in your own success – your ability to identify an opportunity, execute an idea or deliver a service.

Many studies have been conducted that delve into the personality of entrepreneurs. The results of these studies can help us begin to build the profile of the successful entrepreneur. For example, they were most likely the first born in their family; they held their first job before they were fifteen; and while they are college graduates, they were average students.

These kinds of studies of the entrepreneurial psyche may be interesting, but as you evaluate your entrepreneurial potential, you need to know more. After all, being the second born in your family, or being at the top of your class, does not preclude entrepreneurial success.

While many of the key characteristics and attitudes that make up the entrepreneurial “right stuff” can be acquired or learned, the importance of innate attributes such as physical health, energy and emotional stability cannot be overlooked. The life of the entrepreneur is a demanding one and there is little distinction between professional and personal life. That they are comfortable in this all-consuming role is critical to the success of the business and satisfaction of the individual.

It is important that you evaluate yourself as objectively as possible. There are no right or wrong answers – and an honest evaluation will help you map your characteristics against those that define the successful entrepreneur.

### **Determined and Dedicated**

Determination, dedication, perseverance, commitment – many consider these to be the most important of all the characteristics of the successful entrepreneur. In fact, strength in these areas can make up for many other areas of “weakness”.

### **Optimistic Realist**

Successful entrepreneurs combine natural optimism with a healthy dose of realism. They are very self aware and possess a keen sense of their own strengths and weaknesses. They are objective and can examine themselves and their ideas impartially. They know when they are beyond their capabilities and have no problem seeking help from the experts.

### **Resilient**

Studies have shown that many successful entrepreneurs have had businesses that have failed in the past. This statistic speaks to one of the key defining characteristics of a successful entrepreneur – the ability to bounce back and respond positively to challenges.

### **Motivated and Motivating**

Entrepreneurship has no built-in status and no guaranteed perks or income level. Entrepreneurs therefore are not motivated by status or money, but instead they have a high need to achieve.

Successful entrepreneurs need not only be self-motivated, but must also be able to motivate others.

### **Self-Confident and Self-Reliant**

Entrepreneurs have tremendous confidence in their own abilities. They are optimistic and believe they can achieve anything. In fact, they believe that the impossible just takes a little longer to accomplish. They believe that they have been the most important factor in their own success and feel that luck (although welcome) has not been a major contributing factor.

**Tolerant**

Entrepreneurs are not overly concerned with job security and retirement, and are tolerant of uncertainty and ambiguity. There is a commonly held misconception that entrepreneurs are risk-seekers but this is not the case. Entrepreneurs are comfortable accepting moderate and calculated risk and they deal with stress effectively. They are able to make decisions quickly under pressure but they exhibit the patience and exert the self-control necessary to maintain their vision.

**Integrity and Reliability**

Integrity and reliability are the characteristics that are rated most highly among entrepreneurs as the quality that they most respect.

With trust being the single most important ingredient in building the strong business relationships that are key to success, successful entrepreneurs are honest and forthright. They expect and reward the same from those they work with, both customer and supplier.

The following are a few online tools you can use to test your own entrepreneurship skills and attributes. Please note that these tools outline what are commonly held as key characteristics of successful entrepreneurs, however, weakness in some areas does not forestall success. Many of these skills and characteristics can be learned or acquired – knowledge and understanding of your areas of weakness can help you improve.

**Profit's National Entrepreneurship Test:** <http://www.profitguide.com/quizzes/entre.asp>

**Business Development Bank's Entrepreneurial Self-Assessment:**

[http://www.bdc.ca/en/business\\_tools/entrepreneurial\\_Self-Assessment/Entrepreneurial\\_self\\_assessment.htm](http://www.bdc.ca/en/business_tools/entrepreneurial_Self-Assessment/Entrepreneurial_self_assessment.htm)

**Am I an entrepreneur self-assessment quiz:** <http://www.wd.gc.ca/apps/amiantent.nsf>

**Where To Look For Ideas**

Business opportunities can come from two different sources. They can evolve as a result of your personal background including your previous jobs, hobbies and personal experience or from opportunities in the external environment or general marketplace.

**Look at Yourself** – Why would business opportunities develop from your personal life? A major consideration in any business venture should be to love what you are doing. It is only natural that looking at past experiences and interest could reveal an opportunity to further develop them into a viable business. Possessing transferable skills is key to business success.

The following list highlights the possible sources of business opportunities that are generated from your own life. Review each of these topics to see if there is a business opportunity ready to be uncovered.

**Lifestyle and Experience** – Ideas may arise from casual observations of daily life situations. It's simply a matter of being more attuned to what is happening around you. Ideas may become obvious as a result of travel, your own experiences in seeking products in the marketplace, ideas expressed by others who have recognized a problem or opportunity, or simply the result of observing the behaviour of other people.

**Your Hobbies** – Hobbies or interests may lead to business opportunities. Examples include serious athletes who distribute sporting goods, fishermen who open fishing lodges, boaters who establish rental or tour services, casual writers who establish publishing companies and so forth. An entrepreneur must be careful

that they remain objective when assessing business opportunities in this area since what one loves to do may not always be the most profitable business opportunity.

**Your Job** – This is one of the most common sources of business ideas which is not surprising since it also normally provides an excellent match with the entrepreneur’s skill set. Ideas from your employment can evolve in many different ways. You may have identified a product or service opportunity that your employer is not pursuing. Perhaps you have developed specialized technical skills or knowledge that may be of interest to others in the industry or maybe you have a product to sell to your employer. If you decide to develop something similar to your employer’s product, be sure to seek legal advice to ensure you are not violating any legal rights of your employer.

**Education** – Lifelong learning is an important requirement for successful entrepreneurial endeavours. In addition to developing skills, education – whether formally through courses or seminars or informally through self-directed reading – can lead to business ideas. It will significantly broaden your perspective and help you see opportunities in areas that you may not have otherwise considered.

## Evaluating Your Idea

Discovering business ideas is only part of the process involved in starting a business. The ideas must be screened and evaluated to determine those which warrant further investigation. The following checklist includes a number of questions that will help guide you through an initial screening and further direct your research efforts.

### Business Opportunity Checklist

#### Market Issues

- Is there a need for the product or service?
- Is the market large enough to support the idea?
- Is there a trend that supports the need for the product or service?
- If the product or service is successful in a different geographical area, have you considered those differences?

#### Financial Issues

- Can the product or service be produced for a reasonable cost?
- Will the customer pay the price required to generate a profit?
- What are the profit margins in the industry?

#### Operation Issues

- Can the product or service be delivered within a reasonable time frame?
- Are there any industry changes that may affect production or delivery of the product or service?
- How frequently does new technology change the way your industry does business?

#### Entrepreneurial Issues

- Does the idea coincide with your own values and beliefs?
- Is the idea an extension of your work experience, hobby, education?

## Business Planning – The Basics

Preparing a business plan is the first major step in starting a successful small business. A business plan is a map of how you are going to start and run your small business in the first three to five years. The plan will outline the start-up requirements and the first year of operation in detail.

Business planning is not just about producing a report. The work of writing, of thinking things through is as important as the final document.

The business plan is a tool for understanding how your business is put together. The process will help you learn how to manage your company more effectively and will create the framework for you to start and grow your business.

### **Why Write A Business Plan?**

The business plan is a feasibility study. Through market research, operational planning and financial projections, you can evaluate whether or not this is a viable venture. The document becomes a realistic implementation plan through which you can be confident of your success.

The plan is also a critical management tool. It gives you the opportunity to plan strategies to ensure your business is capable of withstanding the pressures of unexpected external changes in the economy, your competition or your customer. The plan forces you to realistically forecast and plan the activities for the business. It is a dynamic document that changes constantly since new information about the market is uncovered all the time. The plan is the gauge by which success can be measured. Planning is a dynamic management process. First, the entrepreneur plans, implements, evaluates the business performance against the plan, and then re-plans based on the new information and experience.

The business plan acts as a selling tool for getting financing. As you start negotiating with investors, partners and financial institutions, your business plan will be used to evaluate the investment opportunity.

Finally, the business plan serves as a reality check. Your plan will raise questions that will help you anticipate problems and help inspire solutions before a crisis occurs. It will help you know what will be required of you as an entrepreneur, and will reveal where you will need assistance.

### **Where to Begin**

- Put it in writing. Develop an outline.
- Write down everything you know and research the parts that are missing.
- Talk to people who can help advise you on areas you need to learn more about.
- Develop a time frame for completing your plan.

### **Business Plan Outline**

There are many different business plan formats, and the layout may vary depending on the type of business, the purpose of the plan and the readership. The following format can, and should, be amended to meet the needs of your business.

1. Table of Contents
2. Executive Summary
3. Company Profile
4. Marketing Strategy
  - a. Market Research
  - b. Industry Trends
  - c. Target Market
  - d. Competitive Analysis
  - e. 4 P's of marketing
5. Operations
  - a. Suppliers
  - b. Manufacturing
  - c. Operating Requirements

- d. Human Resources
- 6. Financial Plan
  - a. Start-Up costs
  - b. Cash Flow Statement

### Executive Summary

Presented immediately preceding the plan, the summary is extremely important, as it provides a concise summary of the business opportunity, yet covers all important components of the plan. It demonstrates your knowledge of the business opportunity and proves that any investment in the venture will yield a good return.

The purpose of the executive summary is to give the reader an overview of the business. The critical point to get across is your company’s distinctive competence – the factors that will make you successful in the marketplace.

What do you include:

- Introduction to your business opportunity,
- Introduction to the owners and management team and an overview of the critical roles and pertinent skills,
- A brief explanation of the product or service and your competitive advantage,
- A brief description of your target market (those who have the ability, the need and the willingness to purchase your product or service),
- Specific information on the market and how you will promote and sell your product or service,
- A summary of your financial requirements (start-up costs) and repayment plan, financial projections and owner equity.

### Executive Summary

What do I include?

Introduction to your business opportunity

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### Marketing Highlights

Product/service distinctive features

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Target market summary

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Competitive analysis

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Key marketing strategies

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### Operational Highlights

Critical legal issues related to your business

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Supplier summary

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Management team overview - critical roles and pertinent skills

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### Financial Highlights

Summary of financial requirements and projections

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Equity investment of owners

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## **Company Profile**

Your company profile provides a snapshot of your business and who is involved. It briefly introduces your business, and includes the following information:

- Form of business – sole proprietorship, partnership, corporation, owners and/or partners involved,
- Name of the business, it's location, history and start date,
- Business advisors – lawyers, accountants, industry contacts or mentors.

Company Profile

What do I include?

Form of Business

- Sole Proprietorship
- Partnership
- Corporation

Owners/Principals

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Name of Business

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Start date \_\_\_\_\_

Business Operation

\_\_\_\_\_

Business Description

\_\_\_\_\_

Location

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Contact Information

\_\_\_\_\_

\_\_\_\_\_

Business Advisors

Lawyer:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Accountant:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

## Marketing Strategy

Marketing is a complex subject but one of the most important contributing factors leading to the success of your business. Without customers, there are no sales, without sales, there are no profits.

An effective marketing strategy will be the cornerstone of your success as an entrepreneur. The classic elements included in a marketing strategy revolve around what is known as the 4 P's: Product, Price, Place and Promotion. Marketing, however, is much more than this. You must start by clearly defining the need you wish to fulfill with the product or service you are offering, the target market you are going to reach and your marketing objectives. Finding the market need and developing a product or service to fill a gap in the marketplace will be key to your overall strategy.

## Market Research

Market research aims to understand the reasons why people will buy your product or service. It helps you determine if there is a market for your product or service and if any changes need to be made to it. Your research will provide you with the data you need to develop a successful marketing strategy.

There are two types of information you can gather: **Primary data** and **secondary data**.

**Primary data** is information that you collect yourself, including interviewing potential customers about their needs and willingness to purchase the type of product or service you would offer, and at what price. There are 4 popular methods of collecting primary market information: focus groups, surveys, observation and personal interviews.

**Focus groups:** The focus group is a facilitated information session that brings together a group (or groups) of potential clients to have them discuss the product/service, react to potential features and describe their preferences. It provides you with first-hand feedback on the product or service.

**Surveys:** Used frequently, surveys can be conducted in person, via the telephone, mail, or Internet. They provide an efficient way to capture a lot of information from each respondent. While allowing you to reach many people, response rates tend to be very low, less than 5% in many cases.

**Observation:** Simply watching your potential clients shopping with our competitors will provide you with a wealth of information on what they are looking for, what they buy and what they don't buy. This method provides first-hand information on buying patterns, but has the potential for bias due to the subjective nature of this strategy.

**Personal interview:** This method is the easiest way of collecting information and provides you with valuable information and even more valuable sales leads. It provides a personal, first-hand account of what your client needs as well as buying patterns, behaviours and preferences, but can be fairly time consuming.

**Secondary data** is the information that is relevant to your market, but has been gathered or compiled through other organizations or individuals. It includes information such as data from trade journals and Statistics Canada.

Some places to conduct secondary market research:

**Industry Canada (Strategis)**

<http://strategis.ic.gc.ca>

Strategis is the largest business information website in Canada. Visit this site to start a business and explore new markets, research trade and investment data by product or industry, keep up with technological innovation or access a library of consumer information.

**Statistics Canada**

<http://www.statcan.ca>

A source of free and priced Canadian social and economic statistics and products.

**Human Resources and Skills Development Canada – Industry Profile List**

<http://www.hrsdc.gc.ca> (under search, type Industry Profile List)

Industry profiles are overviews of sectors of the Canadian economy, and provide information on the business environment, human resources and additional information.

**GD Sourcing**

<http://www.gdsourcing.com>

Free and low cost Canadian statistics available on-line, designed to help Canadian entrepreneurs with limited research budgets assess their market potential and performance.

**Performance Plus**

<http://sme.ic.gc.ca>

Provides detailed average financial data on more than 600 sectors across Canada. Averages are available at the national, provincial or territorial level.

**Reference Canada: Canadian Businesses**

(available at the Entrepreneurship Centre and some public and school libraries)

This is a handy database for checking out competitors or market leads. The Canadian Businesses Database is like the Yellow Pages, housing mostly service-based businesses.

**Associations Canada**

(available in hard copy at the Entrepreneurship Centre and some public and school libraries)

List of provincial and federal associations.

**Scott's Select**

(available online and in hard copy at the Entrepreneurship Centre)

Scott's Select is an industrial business directory and houses product-based businesses

(manufacturers, wholesalers/distributors)

**City of Ottawa Neighbourhood Demographic Profiles – 2001 Census and other related data**

[http://atlas.city.ottawa.on.ca/mapping/atlas/2001Census/2001\\_Census\\_maps.htm](http://atlas.city.ottawa.on.ca/mapping/atlas/2001Census/2001_Census_maps.htm)

View data and maps of Ottawa for key demographics data from the 2001 Census and other related neighbourhood data.

**Ottawa Facts**

<http://www.ottawaregion.com/facts/index.asp>

Monthly update on statistics and information on employment, housing/real estate, construction, venture capital, technology, education and other areas of interest.

**Industry Trends**

A trend is a definite, predictable direction or sequence of events. It is important to know and understand current trends and industry characteristics and how they will affect the viability of your business.

Industry trends help to identify opportunities to create a product or service that will satisfy the needs of a particular customer base. There should be a natural flow from the industry trends to the product or service. If the industry analysis does not uncover any gaps between what is currently offered and what is needed, there may not be a case for proceeding with the business.

Trends can provide strategic information that can help the business' competitiveness and provide direction for growth in new products and company strategies.

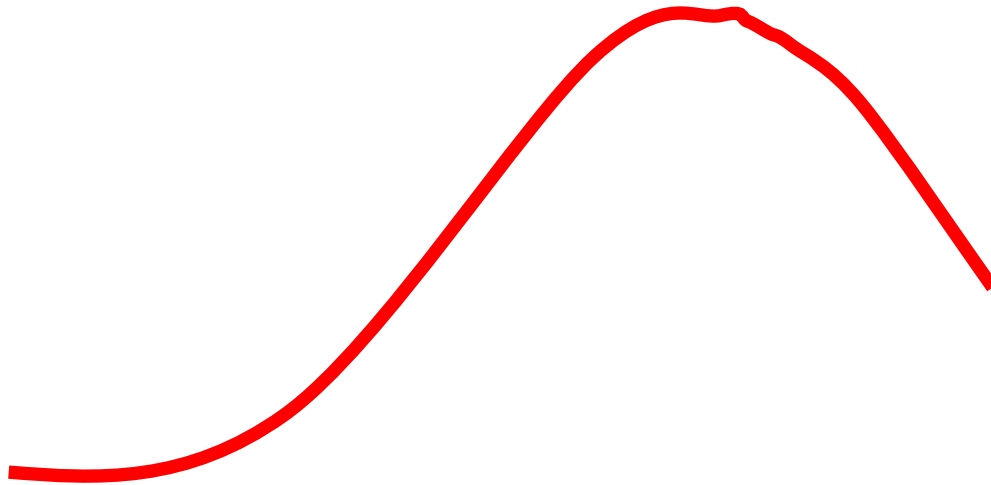
Entrepreneurs need to demonstrate an understanding of their industry, its size, structure and characteristics. You also need to consider society as a whole, i.e. how are current economic conditions going to affect your business?

When considering trends, you must consider how the following factors will impact your business:

- Social and cultural trends
- Demographical trends
- Technological trends
- Political and legal trends
- Economic trends
- Environmental trends

Trends can assist you in determining your longevity in the market. Most products follow a product or industry life cycle curve. Knowing where your product or industry fits on this curve will help you in your marketing and promotional strategies.

### Product Life Cycle



Introduction  
need to increase awareness

Growth  
Development of brand awareness

Maturity  
Development of new uses for product

Decline  
Product/service on its way out

This tool can help you determine how your customers think about your product and their behaviour towards it. It gives you information about your customers ability to take risks and can guide you on your pricing strategy.

#### Industry Overview

What do I include?

Overall business or consumer trends and business opportunities as a result of:

Social Change

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Economic Change

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Demographic Change

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Environmental Change

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Technological Change

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Political Change

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An investigation of past, present and future industry trends:

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Key success factors in your industry:

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Barriers to entry, size of industry:

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### **Target Market Analysis**

A target market is a relatively homogeneous group of potential customers that have the need, the willingness and the ability to pay for your product or service. The target market can be either consumers or other businesses.

The target market analysis determines who the clients are and how they are motivated to make their buying decisions. It establishes the size of the market and helps you to estimate the percentage that you may be able to capture.

You need to determine if there are enough people who want to buy your product or service in order to assess if the business will be profitable. Understanding the size of your market will help you forecast the sales for your cash flow projections, and provide you with critical information for your promotional mix activities.

To define your target market, you should consider the following variables:

**Demographics:** age, gender, income, occupation, education

**Geographic:** where do they live or where are they located

**Psychographics:** lifestyle characteristics, including activities, interests and opinions

### **Target Market**

What do I include?

#### **Consumer Demographics**

Age rang \_\_\_\_\_

Income range \_\_\_\_\_  
 Gender \_\_\_\_\_  
 Marital status \_\_\_\_\_  
 Number of children \_\_\_\_\_  
 Occupation \_\_\_\_\_  
 Location boundaries \_\_\_\_\_  
 Average purchase \_\_\_\_\_  
 Frequency of purchase \_\_\_\_\_

**Consumer Psychographics**

Lifestyle \_\_\_\_\_  
 What do they read? \_\_\_\_\_  
 What need does your product fill \_\_\_\_\_  
 What/who influences their purchasing decision? \_\_\_\_\_

**Business Demographics**

Number of businesses \_\_\_\_\_  
 Location of businesses \_\_\_\_\_  
 Frequency of purchase \_\_\_\_\_  
 Size of business \_\_\_\_\_  
 Who makes the purchasing decision? \_\_\_\_\_

**Business Psychographics**

What influences the purchasing decision? \_\_\_\_\_  
 What need does your product fill? \_\_\_\_\_

**Competitive Analysis**

This is an important step in the process of defining a marketing strategy. You need to know what you're up against in terms of competition. Knowing who the competition is can help differentiate your business, and might identify areas that are not currently being targeted.

What needs to be considered:

- Are they direct competitors (offer the same product as you) or indirect competitors (offer product or service that are substitutes for yours)?
- What market need do they fulfill?
- What are the specific attributes of the product or service that they offer?
- What are their prices?
- What has been the key to their success?
- Are they profitable?
- What is the quality of their product or service?
- What level of customer service do they provide?

Remember, to win customers and generate revenue, you must differentiate yourself from your competitors. You need to discover your competitive advantage.

**Promotional Strategy and the 4 P's of Marketing**

The promotional strategy is the method chosen to communicate your offering to the target market and influence a future purchase of your product or service.

The 4 P's of Marketing:

- Product
- Price

- Place
- Promotion

### Product

Your business is built around the product or service you are offering to the market. You should be able to completely, yet concisely describe what you are selling and what makes it distinct.

List the specific attributes and benefits of your product or service, and focus on what is unique about it. By focusing on the Unique Selling Proposition of your product or service, you should be able to clearly differentiate yourself from your competition and use this differentiation to secure competitive advantage.

### Price

The price of the product or service is the fee charged to the customer. From a marketing perspective, it is how you will position yourself against your competition.

A number of factors come into play while setting your price. You must look at the competitive environment and what your competition is charging. As well, you must consider the price your market can bear by referring back to the market research you undertook. You must also make sure that the price you will charge is one that is profitable for you. You must refer back to your sales projections to ensure that the price you are charging covers both your overhead and cost of sales.

### Place

This refers to your distribution strategy, including the business location and the channels through which the product will be distributed, from raw materials, into finished good and into the hands of the consumer.

Distribution options include:

- Personal selling
- Wholesalers
- Mail order
- Retail stores
- Sales agents

Ask yourself the following questions:

Where is your location?

What are the costs associated with this location and/or distribution method?

What is the marketing importance of this location?

Is there a potential for future growth at this location?

Regardless of which option is most appropriate for your business, the key is to ensure that your customers can easily access your product or service.

### Promotion

Promotion refers to the methods used to communicate with your target market to make them aware of the product or service being offered, and influence a future purchase.

There are a number of ways to reach your market, including: advertising through various media such as television, radio, newspapers and magazines; direct mail; personal selling; telemarketing; publicity and point of purchase advertising.

Most promotional strategies include a combination of these methods, depending on who you are trying to reach and the budget you have set for marketing. To find the best promotional tactic for your business, you must go back to your research on defining your target market. What magazines or newspapers do they read? Do they take the bus? Rely on good research and common sense to decide how best to reach your target market.

**Service or Product**

What do I include?

What are your product's/service's unique features?

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What are the value added features?

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What are the benefits of these features?

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How is your product/service positioned against the competition?

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What are you doing differently?

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What has been the history of this product in the marketplace?

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Provide photos or diagrams if available.

**Promotional Strategy**

What do I include?

Costs \_\_\_\_\_

Readership \_\_\_\_\_

Target market profile \_\_\_\_\_

Distribution coverage \_\_\_\_\_

Distribution frequency of the chosen promotional  
mediums \_\_\_\_\_

*Your promotions may include:*

Association publications \_\_\_\_\_

- Billboards \_\_\_\_\_
- Business cards \_\_\_\_\_
- Bus boards/shelters \_\_\_\_\_
- Community newspapers \_\_\_\_\_
- Contests \_\_\_\_\_
- Coupons \_\_\_\_\_
- Direct mail \_\_\_\_\_
- Flyer \_\_\_\_\_
- Giveaways \_\_\_\_\_
- Internet - Banner advertising \_\_\_\_\_
- Magazines \_\_\_\_\_
- Personal selling \_\_\_\_\_
- Radio \_\_\_\_\_
- Signs \_\_\_\_\_
- Sponsorship of an event \_\_\_\_\_
- Television \_\_\_\_\_
- Trade magazines \_\_\_\_\_
- Trade shows \_\_\_\_\_
- Write an article \_\_\_\_\_
- Yellow Pages \_\_\_\_\_

**Place**

What do I include?

Where is it?

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What are all the costs associated with your location?

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What is the marketing importance of the location?

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Residential vs. commercial location

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Is there potential for future growth at this location?

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What are the traffic flows of the potential location selected?

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How will your method of distribution affect:

1. Sales \_\_\_\_\_
2. Service \_\_\_\_\_

- 3. Promotion \_\_\_\_\_
- 4. Timing \_\_\_\_\_
- 5. Economics \_\_\_\_\_

**Pricing Strategy**

What do I include?

*Pricing for a Service*

Labour \_\_\_\_\_  
 Overhead \_\_\_\_\_  
 Profit Margin \_\_\_\_\_

*Pricing for a Product*

Labour \_\_\_\_\_  
 Overhead \_\_\_\_\_  
 Materials \_\_\_\_\_  
 Profit Margin \_\_\_\_\_

*Pricing Considerations*

Low, medium, high \_\_\_\_\_  
 Client's perception of value \_\_\_\_\_  
 Will you be discounting your price on a regular basis? \_\_\_\_\_  
 Will you give trade or volume discounts? \_\_\_\_\_

*Break Even Analysis*

Identifies the sales level (units or dollars)  
 Required to cover the overhead expenses of a business based on a certain price and gross margin level.

Units to break-even = $\frac{\text{Fixed costs}}{\text{Unit selling price} - \text{Unit variable costs}}$
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*Operations*

This section of the business plan outlines information on suppliers, manufacturing, relevant regulations and human resources, all the details necessary to efficiently run a business.

*Suppliers*

Suppliers are the companies that will provide the necessary materials, products and services to operate your business. Information on your key suppliers should include their address, products, services and terms of payment. This is how you find out what it is going to cost to produce your product or supply your business with key products. The information acquired from your suppliers is included in your cash flow projections and helps you to determine your pricing strategy.

*Manufacturing*

The manufacturing plan outlines the method by which a product or service will be produced and delivered. It outlines the critical points in the production cycle, i.e. the process, methods and equipment needed to produce your product or service.

Production requirements will have a direct impact on the location of the business, human resources, licensing needs and production time frames. The following information should be included:

- ❑ Research and development (time invested, future requirements),
- ❑ Cost analysis (direct and indirect overhead),
- ❑ Production methodology,
- ❑ Equipment and plant requirements,
- ❑ Time requirements,
- ❑ Sub-contracting arrangements,
- ❑ Prototype development,
- ❑ Commercialization strategy.

### **Operating Requirements (regulations)**

You need to find out what operating regulations are required by all levels of applicable government for your business. This will ensure that the business meets all legal requirements and minimizes start-up risks.

### **Business Structure**

#### **Sole Proprietorship**

As the name implies, a sole proprietorship is a 1-owner business. It is the simplest form of business structure. The government considers the owner and the business to be one and the same legal entity. This means that all the revenues and expenses belong to the owner, and that all profits or losses are subsequently reported on the owner's personal income tax return.

Note: not only do all the assets and profits belong to the owner, so do all the obligations liabilities and losses (unlimited liability). As well, a sole proprietor is personally responsible for his or her negligent acts and those of his or her employees. You can, however, limit liability through insurance.

A sole proprietorship is not required to register under the Business Names Act if the business is conducted under the owner's exact legal name. For example, if John Doe conducts business as "John Doe", he does not have to register under the Business Names Act. If he conducts business as "John Doe Consulting", he is required to register the latter name under the Business Names Act.

#### *Sole Proprietorship*

##### **Advantages**

Low start-up costs  
 Greatest freedom from regulations  
 Owner in direct control  
 Minimal working capital  
 Tax advantage to small owner  
 All profits to the owner

##### **Disadvantages**

Unlimited liability  
 Lack of continuity  
 Difficult to raise capital

#### **Partnership**

A partnership is similar to a sole proprietorship, but is made up of 2 or more owners. The government considers the owners and the business as the same legal entity. This means that all the revenues and expenses belong to the owners.

Profits and losses are divided amongst the partners and are reported on their own personal tax returns. As with a sole proprietorship, all assets and profits belong to the owners; so do all the obligation, liabilities and losses. The owners in a partnership are not only responsible for their own negligent acts and those of their

employees, but also those of their partners. It is important that you choose a partner carefully, and that you consider signing a partnership agreement.

You are not required to register your partnership under the Business Names Act if the business is conducted under the partners' exact legal names. For example, if John Doe and Jane Smith conduct business as "John Doe and Jane Smith", they do not have to register under the Business Names Act. If they conduct business under anything other than their exact legal names, such as "Doe & Smith", they are required to register than name under the Business Names Act.

*Partnership*

**Advantages**

- Ease of formation
- Low start-up costs
- Additional sources of venture capital
- Broader management base
- Possible tax advantage
- Limited outside regulations

**Disadvantages**

- Unlimited liability
- Lack of continuity
- Divided authority
- Difficulty in raising additional capital
- Hard to find suitable partners

*Corporation*

A corporation is a separate legal entity, distinct from its owners, known as the shareholders. A corporation may own property, and incur liabilities and obligations. A corporation does not have a specific owner, but shareholders who own shares representing their respective ownership of the corporation. A corporation can be comprised of just 1 individual, who would then fulfill all roles and functions, such as director, shareholder, employee, etc. The corporation files a separate corporate income tax return and pays taxes on its income. It will pay employees (including yourself) a salary, which it will claim as an expense. Each employee (including yourself) must claim this income on a personal income tax return.

The shareholders of a corporation have limited liability. That is, if the corporation goes bankrupt or has insufficient funds to cover its obligations, the shareholders will not be held responsible for repayment. There are, however, two cases in which the shareholder can be held liable for money owed. The first instance is for unpaid taxes and unpaid wages. The second is any case where the shareholder has signed a personal guarantee, such as for a bank loan. It is important to note that even though a corporation can legally borrow money, it is highly likely that a bank will require a personal guarantee on any and all bank loans.

*Corporation*

**Advantages**

- Limited liability
- Specialized management
- Transferable ownership
- Continuous existence
- Legal entity

**Disadvantages**

- Closely regulated
- Expensive to form
- Charter restrictions
- Extensive record keeping necessary
- Complex tax rules

Licenses, Fees & Taxes

Certain business activities require a permit or license. Permits and licenses are granted, in most cases, by various levels of government (municipal, provincial and federal).

*Municipal (these are some of the main municipal regulations – please contact the City of Ottawa for further information)*

- Parking
- Employees

- Hours of operation
- Signage
- Business licenses
- Zoning
- Health

*Provincial (these are some of the main provincial regulations):*

**Business Names Act:** This regulation states that if you are conducting business under anything but your exact legal name, you must register under the Business Names Act.

**Provincial Sales Tax:** This is an 8% tax charged on goods and on the labour required to install, maintain and repair those goods. PST is administered by the Ontario Ministry of Finance.

**Employment Standards Act:** This act applies to most employees and employers in Ontario, and regulates, among other things, hours of work, minimum wage, public holidays, parental leave and termination of employment.

**Occupational Health and Safety Act:** This act applies to all workers and workplaces in Ontario, and covers such things as the exposure of workers to toxic substances, the establishment of joint labour and management health and safety and refusal to work where health and safety are in danger.

**Workplace Safety and Insurance Board:** Most businesses in Ontario that have employees are required to contact and register with WSIB within 10 days of hiring their first full or part-time employee. This insurance protects your business from lawsuits by providing benefits for your workers should they be injured at work.

**Trade Certification:** Trade certification prevents unqualified persons from working at certain skilled occupations. This certificate proves that the recipient is qualified according to Ministry of Training Colleges and University standards.

*Federal (these are some of the main regulations)*

**Good and Services Tax:** GST is the 7% tax charged on most goods and services sold in Canada, and is administered by the Canada Revenue Agency. Every business with gross annual sales of GST taxable goods and services totaling \$30,000 or more in any consecutive 12 month period must register for a business number and a GST account. The business number is what identifies you to the federal government, and is applicable to all your federal government accounts.

**Employee Source Deductions:** Businesses are required to collect and remit Canada Pension Plan (CPP) contributions, Employment Insurance (EI) contributions and Income Tax from their employees' paychecks as well as contribute a similar amount of their own funds to the government for CPP and EI.

**Labeling and packaging:** If you plan to sell food items, textiles or other products that require labels, you need to contact the Competition Bureau. There are many requirements that must appear on labels, including fibre content and manufacturer/importer contact information.

**Intellectual Property:**

- **Copyrights:** A copyright gives the owner exclusive rights to produce or reproduce the work in question or to give someone permission to do so.
- **Trademarks:** A trademark is a work, a symbol, a design or a combination of these, used to distinguish a particular product or service.

- Patents: A patent gives an inventor the right to exclude others from making, using or selling the invention for a maximum of 20 years, starting from the day after they filed their patent application.

### Operations Suppliers

What do I include?

Name of Supplier \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Terms and Conditions \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Product Line \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Pricing \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

In an appendix - Consider Additional Information

Trade discounts \_\_\_\_\_  
\_\_\_\_\_

Shipping restrictions \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Exclusive product rights \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

References \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Back up suppliers \_\_\_\_\_  
\_\_\_\_\_

### Operating Regulations

What do I include?

Levels of Government

- Municipal
- Regional
- Provincial
- Federal
- Other Countries

Tax Considerations

- Retail Sales Tax
- Goods and Services Tax
- Commercial Business Tax
- Home Based Business Tax
- Personal/Corporate tax rates
- Employer Health Tax

Sample Regulations

- Business Name
- Business Identification Number (BIN - Provincial)
- Business Signage
- Zoning
- Intellectual property (CIPO)
- Packaging and Labelling
- Business Number (BN - Federal)
- Export Permit
- Import Permit
- Product Standards
- Workplace Safety and Insurance Board
- Source Deductions (EI, CPP...)

**Manufacturing Plan**

What do I include?

Production methodology

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Research and Development requirements

---

Cost Analysis (Direct and Indirect Overhead)

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Time requirements

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Equipment and Plant requirements

---

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Facilities description

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Leasehold improvements

Warehousing requirements

\_\_\_\_\_

\_\_\_\_\_

Sub-contracting arrangements

\_\_\_\_\_

\_\_\_\_\_

### Human Resources

This section of the business plan outlines the people who will provide the expertise required to run your business and when they will be brought on.

The following checklist will ensure that your staffing plan is complete and ready to use when you need it.

Job description, including:

- Job functions and duties
- Hours of employment
- Salary range
- Supervisors, reporting structure

Established policies and procedures, including:

- Sick leave
- Maternity leave
- Discipline policy
- Benefits
- Extended leave
- Complaints
- Vacation time
- Harassment policy

Employer Legal Responsibilities, including:

- Taxes and deductions (CPP, EI, Income Tax)
- Payroll records
- Employment standards
- Occupational Health and Safety

### Human Resources

What do I include?

*Organizational Structure/Staffing Plan*

Full-time \_\_\_\_\_

Part-time \_\_\_\_\_

Seasonal \_\_\_\_\_

Legal considerations \_\_\_\_\_

*Salaries*

Rates \_\_\_\_\_  
 Benefits \_\_\_\_\_  
 Source deduction costs \_\_\_\_\_

*Job Descriptions*

Roles and responsibilities

\_\_\_\_\_

\_\_\_\_\_

Service and Employee Contracts

\_\_\_\_\_

Future human resources plans

\_\_\_\_\_

Business skills audit - do I have:

- Technical experience
- Marketing experience
- Financial experience
- Management experience
- Office administration

If I don't have these skills can I hire someone who does?

\_\_\_\_\_

**Financial Plan**

Completing a thorough financial analysis of your business will help you determine whether or not your business is viable. Can the business generate enough revenues to satisfy your personal needs, to run the business and to make a profit? Knowing your monthly sales and expenses helps you make good decisions such as when to purchase equipment, hire staff or use your line of credit.

There are 6 key elements to consider in this section of the plan.

1 - Start-up costs – Include all the money you will spend getting the business set-up for opening day.

***Start-up checklist:***

- |                           |  |
|---------------------------|--|
| Advertising               | Payroll expenses                         |
| Bank fees/service charges | Permits                                  |
| Building                  | Personal contributions                   |
| Equipment                 | Professional fees (legal and accounting) |
| Furniture and fixtures    | Repairs and maintenance                  |
| Gas/Hydro hook-up fees    | Insurance                                |
| Rent                      | Installation fees                        |
| Security deposits         | Inventory                                |
| Signage                   | Land                                     |
| Telephone                 | Leasehold improvements                   |
| Travel                    | Lease payments                           |
| Training                  | Licenses and fees                        |
| Vehicle                   | Office supplies                          |
| Wages                     |  |

2 – Cash flow projections – These outline the revenue you expect to earn each month and the money you must spend each month (expenses). This lets you know if your can pay your bills every month. You must be prepared to justify your sales projections and expenses.

There are 3 main sections in the cash flow statement:

- a) Sources of revenues:
  - Cash
  - Loans
  - Personal investment
- b) Uses of Cash (expenses and disbursements):
  - Expenses to be paid
  - Start-up costs
- c) Balance at the end of the month
  - This will indicate how much cash the business is left with at the end of each month and help calculate your break-even point (and determine how much money is left to start the next month).

3 – Projected Income Statement – This shows the projected profit/loss for your business for a given period of time. It is an estimate of all the sales revenues, direct, indirect and administrative expenses and subsequent profit or losses for the first 5 years.

4 – Opening Balance Sheet – This is a “snapshot” of what the business owes and owns at a particular moment in time. It consists of a projected statement of assets, liabilities and equity for the first 5 years.

5 – Financing Requirements – If you require money to start your business, detail your financing requirements: the amount of money required, what the money is for and your repayment plan.

6 – Risk Analysis – This can be shown using scenarios based on best/worst case occurrences. Often, 3 different cash flow statements are included in a plan. You can do an optimistic, pessimistic, and realistic cash flow to show how your company would adjust to different market scenarios. Be sure to include information, or the assumptions, you made for each scenario.

### Balance Sheet and Income Statement

What do I include?

#### *Balance Sheet*

<u>Left Side</u>	<u>Right Side</u>
Current Assets _____	Current liabilities _____
Fixed Assets _____	Long Term Liabilities _____
Other Assets _____	Shareholders Equity _____

#### *Income Statement*

Sales/Revenue	_____
---------------	-------

Expenses  
(Variable and Fixed)

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Profit/Loss

\_\_\_\_\_  
 \_\_\_\_\_

Tax Owed

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**Cash Flow Statement**

What do I include?

*Sources of Cash*

Sales \_\_\_\_\_

Loans \_\_\_\_\_

Equity Investments \_\_\_\_\_

*Uses of Cash*

Expenses to be paid \_\_\_\_\_

Start-up Costs \_\_\_\_\_

*Balance* (Monthly cash receipts minus monthly disbursements equals monthly cumulative to date cash balance)

Factors to Consider:

- Seasonality
- Return on Promotions
- Payment terms

*Cash Flow Statement*

Cash Receipts	Month 1	Month 2	Month 3
Sales			
Loans			
Investment			
<b>Total Receipts</b>			
Disbursements			
Salaries			
Advertising			
Insurance			
Etc.			
<b>Total Disbursements</b>			
<b>Total Receipts Less</b>			
<b>Total Disbursements</b>			

## Tools and Resources

### Business Key Contacts

#### Government Services

Canada-Ontario Business Service Centre	Information on federal and provincial services, programs and regulations	Toll Free: 1-800-567-2345 Web Site: <a href="http://www.cbsc.org/ontario">www.cbsc.org/ontario</a>
Ministry of Economic Development and Trade	Helps small and medium-size business gain access to the tools they need to create jobs and expand their markets	Web Site: <a href="http://www.ontariocanada.com">www.ontariocanada.com</a>
Strategis	Industry Canada on-line source of business information	Web Site: <a href="http://strategis.ic.gc.ca">http://strategis.ic.gc.ca</a>
Canadian Intellectual Property Office	Information on patents, trademarks, copyright, industrial designs, integrated circuit topography	Tel: (819) 997-1936 Web Site: <a href="http://cipo.gc.ca">http://cipo.gc.ca</a>
Service Canada	Information on federal government programs and services	Toll Free: 1-800-622-6232 Web Site: <a href="http://canada.gc.ca">http://canada.gc.ca</a>
Statistics Canada	Canadian statistics	Toll Free: 1-800-263-1136 Tel: (613) 951-8116 Web Site: <a href="http://www.statcan.ca">www.statcan.ca</a>
Small Business Profiles	Industry Canada's web site for small business profiles	Web Site: <a href="http://sme.ic.gc.ca">http://sme.ic.gc.ca</a>
Canada Revenue Agency	Registration for a business number, information on business and personal income tax, GST, source deductions and tax forms	Toll Free: 1-800-959-5525 Web Site: <a href="http://www.cra-arc.gc.ca">www.cra-arc.gc.ca</a>
Services Ontario	Information on provincial government programs and services	Web Site: <a href="http://www.servicesontario.ca">www.servicesontario.ca</a>
City of Ottawa	Information on municipal licensing, zoning and by-laws	Tel: (613) 580-2400 Web Site: <a href="http://www.ottawa.ca">www.ottawa.ca</a>

#### Business Registration and Legislation

The Entrepreneurship Centre	Information on business start-up, resource centre, seminars and consultations	Tel: (613) 560-6081 Web Site: <a href="http://www.entrepreneurship.com">www.entrepreneurship.com</a>
Corporations Directorate (Industry Canada)	Federal incorporation information and forms, not-for-profit	Tel: (613) 941-9042 Web Site:

	incorporation and name search	<a href="http://corporations.ic.gc.ca">http://corporations.ic.gc.ca</a>
Ministry of Government Services	Filing of provincial incorporation and not-for-profit incorporation forms, business name registration and amendments	Toll Free: 1-800-361-3223 Tel: (613) 239-1230 Web Site: <a href="http://www.cbs.gov.on.ca">www.cbs.gov.on.ca</a>

### Employment Regulations/Programs

Employer Health Tax	Employer Health Tax registration	Toll Free: 1-800-461-4909 Tel: (613) 742-9200
Human Resources and Skills Development Canada	Information on employment programs and employment insurance	Tel: (613) 990-5100 Web Site: <a href="http://www.hrsdc.gc.ca">www.hrsdc.gc.ca</a>
Ministry of Labour	Provincial labour codes, employment standards, occupational health and safety	Toll Free: 1-800-267-1916 Tel: (613) 228-8050 Web Site: <a href="http://www.labour.gov.on.ca">www.labour.gov.on.ca</a>
Workplace Safety and Insurance Board	Workplace safety and insurance information and registration	Toll Free: 1-800-267-9601 Tel: (613) 237-8840 Web Site: <a href="http://www.wsib.on.ca">www.wsib.on.ca</a>
Canada Revenue Agency	Payroll and source deduction (CPP, EI and Income Tax) information and registration	Toll: 1-800-959-5525 Web Site: <a href="http://www.cra-arc.gc.ca">www.cra-arc.gc.ca</a>

### Tax Requirements

Ministry of Finance, Retail Sales Tax Branch	Vendor permit, retail sales tax registration and information	Toll: 1-800-461-4909 Tel: (613) 746-9200 Web Site: <a href="http://www.fin.gov.on.ca">www.fin.gov.on.ca</a>
Canada Revenue Agency	GST registration, information on personal, business and corporate income tax	Toll: 1-800-959-5525 Web Site: <a href="http://www.cra-arc.gc.ca">www.cra-arc.gc.ca</a>

### Import/Export Information

Canada Border Services Agency	Cross-border services, including information on duties and taxes for importing and exporting commercial goods	Toll Free: 1-800-461-9999 Web Site: <a href="http://www.cbsa.gc.ca">www.cbsa.gc.ca</a>
Export Development Canada	Export financing and insurance advice	Toll Free: 1-800-575-4422 Tel: (613) 598-2500 Web Site: <a href="http://www.edc.ca">www.edc.ca</a>
International Trade Canada	Export programs and services	Toll Free: 1-800-575-4422 Tel: (613) 944-4000 Web Site: <a href="http://www.itcan.gc.ca">www.itcan.gc.ca</a>
Canadian Trade Commissioner Service (in Canada and abroad)	One on one export help, market and industry information, advice on export financing and information on trade fairs,	Web: <a href="http://www.inforsource.gc.ca">www.inforsource.gc.ca</a>

missions and events

Team Canada Inc. - Export	Information and practical tools for new and experienced exporters, including information on writing and export planning	Toll Free: 1-888-811-1119 Web Site: <a href="http://www.exportsource.ca">www.exportsource.ca</a>
Team Canada Inc. - Import	Information and resources for new and experienced importers	Web Site: <a href="http://www.importsource.gc.ca">www.importsource.gc.ca</a>

### Financing

Business Development Bank of Canada	Information on business planning, term loans, working capital and venture loans	Tel: (613) 995-0234 Web Site: <a href="http://www.bdc.ca">www.bdc.ca</a>
Canada Ontario Business Service Centre	Information on federal and provincial government funding and financing programs	Toll Free: 1-800-567-2345 Web Site: <a href="http://www.cbcs.org/ontario">www.cbcs.org/ontario</a>
Strategis Sources of Financing	Information on locating traditional or alternative sources of financing for small business	Web Site: <a href="http://strategis.ic.gc.ca/sources">http://strategis.ic.gc.ca/sources</a>
Ottawa Community Loan Fund	Provides short-term business loans of up to \$15,000	Tel: (613) 594-3535 Web Site: <a href="http://www.oclf.org">www.oclf.org</a>

### Business Planning

Canada Ontario Business Service Centre	Interactive Business Plan	Web Site: <a href="http://www.cbcs.org/ibp">www.cbcs.org/ibp</a>
Bplans.com	Find, view, download and edit sample business plans on the web	Web Site: <a href="http://www.bplans.com">www.bplans.com</a>
Business Development Bank	Free interactive business planner	Web Site: <a href="http://www.bdc.ca">www.bdc.ca</a>
Entrepreneur.com	Business plan samples and resources	Web Site: <a href="http://www.entrepreneur.com">www.entrepreneur.com</a>

## *Researching Your Business Plan*

### *Online Resources*

#### ***Youth Marketing Trends***

[http://www.seguinlabelle.com/chronicles/tendance\\_e.asp?ID=15](http://www.seguinlabelle.com/chronicles/tendance_e.asp?ID=15)

Article outlining the recent trends in youth targeted marketing practices

#### ***ITBusiness.ca***

<http://www.itbusiness.ca>

A compilation of recent IT sector news, product information and related links categorized based on industry professions. They also provide a great deal of information regarding relevant print publications (current content, subscription, contact information etc.)

#### **Strategis (Industry Canada)**

<http://strategis.gc.ca>

Strategis is the largest business information website in Canada. Visit this site to start a business and explore new markets, research trade and investment data by product or industry, keep up with technological innovation or access a library of consumer information.

##### **Of note:**

Company Directories

Canadian Company Capabilities

Business Information by Sector

Canadian Industry Statistics ([http://strategis.gc.ca/sc\\_economy/sio/homepage.html](http://strategis.gc.ca/sc_economy/sio/homepage.html))

Economic Analysis, Statistics ([http://strategis.gc.ca/sc\\_economy/engdoc/homepage.html](http://strategis.gc.ca/sc_economy/engdoc/homepage.html))

Guide to Canadian Industries ([http://strategis.gc.ca/sc\\_indps/gci/engdoc/homepage.html](http://strategis.gc.ca/sc_indps/gci/engdoc/homepage.html))

#### ***Statistics Canada***

<http://www.statcan.ca>

A source for free and priced Canadian social and economic statistics and products.

##### **Of note:**

The Daily

Census

Canadian Statistics

Community Profiles

Canada e-Book ([http://142.206.76.67/r000\\_e.htm](http://142.206.76.67/r000_e.htm))

Business Data

#### ***Human Resources and Skills Development Canada – Industry Profile List***

<http://www.hrsdc.gc.ca> (under search, type Industry Profile List)

Industry profiles are overviews of sectors of the Canadian economy, and provide information on the business environment, human resources and additional information.

#### ***Ontario Job Futures***

<http://www1.on.hrdc-drhc.gc.ca/ojf/ojf.jsp?lang=e&section=Welcome&noc=000>

This site provides information on the current trends and future outlook for 157 occupations common to Ontario.

#### ***GD Sourcing***

<http://www.gdsourcing.com>

Free (**sources by sector – free information**) and low cost Canadian statistics available on-line, designed to help Canadian entrepreneurs with limited research budgets assess their market potential and performance.

**Performance Plus (Small Business Profiles)**

<http://sme.ic.gc.ca>

Provides detailed average financial data on more than 600 business sectors across Canada. Averages are available at the national, provincial or territorial level.

**Survey Design Tutorial**

<http://www.surveysystem.com/sdesign.htm>

Gives an online tutorial outlining how to properly design a survey. Describes the seven key steps in any successful survey project.

**Fraser's Trade Directory**

<http://frasers.com>

Canadian trade directory that is searchable by company name, product or service, or brand name.

**Reference Canada: Canadian Businesses**

(Only available at the OCRI Entrepreneurship Centre)

This is a handy database for checking out competition or marketing leads. The Canadian Businesses Database is like the Yellow Pages, housing mostly service-based businesses.

**Associations Canada**

(Entrepreneurship Centre –hard copy)

List of provincial and federal associations

**Canadian Marketing Association**

<http://www.the-cma.org>

The CMA website provides updated national marketing news, information and case studies on marketing intelligence, as well as information concerning upcoming seminars and events.

**Scott's Select**

(Only available at the OCRI Entrepreneurship Centre)

Purpose – to find suppliers. Scott's Select is an industrial business directory, and houses product-based businesses (manufacturers, wholesalers/distributors etc.)

**Job Futures**

<http://www.jobfutures.ca>

This site provides information on wage projections and work prospects for a variety of positions and industries. Information also covers education, training, and experience requirements, average unemployment rates and other important facts.

**Ottawa Business Journal**

<http://ottawabusinessjournal.com>

For breaking business news from Ottawa, across North America and around the world, for a wide range of online services for conduction business faster and better.

**Canadian Business and Current Affairs (CBCA)**

(Only available at the OCRI Entrepreneurship Centre)

Articles – for information on a variety of business topics – good for proving trends.

**Canadian Trade Index Web**

<http://www.ctidirectory.com>

Locate sources for products – manufacturers or distributors.

**SEDAR**

[http://www.sedar.com/homepage\\_en.htm](http://www.sedar.com/homepage_en.htm)

Securities information on Canada's publicly traded companies.

***City of Ottawa Neighbourhood Demographic Profiles – 2001 Census and other related data***

[http://atlas.city.ottawa.on.ca/mapping/atlas/2001Census/2001\\_Census\\_maps.htm](http://atlas.city.ottawa.on.ca/mapping/atlas/2001Census/2001_Census_maps.htm)

View data & maps of Ottawa for key demographics data from 2001 Census and other related neighbourhood data.

***Ottawa Facts***

<http://www.ottawaregion.com/facts/index.asp>

Monthly update on statistics and information on Employment, Housing/Real Estate/Construction, Venture Capital, Technology, Education and other areas of interest.

***Professional Marketing Research Society***

<http://www.pmr-s-aprm.com/>

National market research society dedicated to the promotion of the market research profession. Many available resources including information on market research standards, educational courses and designations that are available, upcoming events, and the latest market research news.

***Marketing & 4P's of Marketing***

<http://www.sfu.ca/~mvolker/biz/mktintro.htm>

This site gives an outline of the 4P's of marketing. Each component is described in detail using definitions and examples.

***Strategic Marketing Montreal***

<http://www.strategicmarketingmontreal.ca/client-centric.htm>

This site contains an article discussing various aspects of the marketing mix and how they apply to the success or failure of a business.

***Market Research and Market Plan Data***

[http://www.bizminer.com/market\\_research.asp#](http://www.bizminer.com/market_research.asp#)

An American website offering profiles and information (for a fee) applicable to many key areas related to market research, including:

- Financial Analysis Profiles
- Best Market Area Profiles
- Franchise Profiles
- Area Profiles
- Business Risk Index
- Customer Business Lists

***Canada Ontario Business Service Centre***

<http://www.cb-sc.org/ontario>

Provides accurate and timely information on programs, services and regulations to Ontario businesses.

**Of note:**

- Business Start-Up Assistant (<http://www.bsa.cb-sc.org>)
- Interactive Business Planner (<http://www.cb-sc.org/ibp>)
- Online Small Business Workshop (<http://www.cb-sc.org/osbw>)

***Marketing Magazine***

<http://www.marketingmag.ca/index.cgi>

This online magazine provides a great deal of information on all kinds of marketing related topics ranging from marketing agency rankings to career guides and profiles.

***Contracts Canada***

<http://contractsCanada.gc.ca>

Contracts Canada is an inter-departmental initiative to improve supplier and buyer awareness and simplify access to federal government purchasing information. If you are a supplier wanting to do business with the

federal government, this site has information you need to understand how the federal government does its buying.

***Merx***

<http://www.merx.com>

Electronic tendering service for public tenders. Source of contracting opportunities with the federal government, participating provincial governments, municipal governments and private sectors. Concerns contracts \$25,000 and over.

***Entrepreneur Magazine***

<http://entrepreneur.com>

On-line magazine providing content-rich business articles and resources.

**Ontario Exports Inc.**

<http://www.ontarioexportsinc.com/oei/>

Ontario Exports Inc. is the lead trade agency of the Ontario Government and can help Ontario firms begin to export or expand markets and help foreign buyers to find Ontario suppliers for their purchasing requirements.

***Team Canada Inc.***

<http://exportsource.gc.ca>

Exportsource is a comprehensive source of information and practical tools for new or experienced exporters.

<http://importsource.gc.ca>

Importsource is a gateway to a comprehensive range of resources designed to help both new and experienced importers.

***The Canadian Trade Commissioner Service***

<http://infoexport.gc.ca>

International trade resource for Canadian companies that have researched and selected their foreign target market. Services include market reports, market prospects, visit information and additional services.

***Your Guide to Small Business***

<http://www.ontariocanada.com/ontcan/en/start.jsp>

Ministry of Economic Development and Trade online publication on starting a small business.

***Your Guide to Government of Canada Services and Support for Small Business***

[http://strategis.ic.gc.ca/sc\\_mangb/smeguide/](http://strategis.ic.gc.ca/sc_mangb/smeguide/)

Federal government online publication covering topics such as financing, exporting, small business tax requirements and services etc.

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Nishan, Swais, *Canadian Legal Guide for Small Business*, Self Counsel Press, 1999

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Mohr, Angie, *Bookkeepers' Bootcamp: Get a Grip on Accounting Basics*, Self Counsel Press, 2003

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*MARKET RESEARCH*

Secondary Research is information that already exists. It has already been gathered, analyzed and put into readable and understandable format by someone other than you. This could be the information from sources like Business Directories, Industry Associations, and the Internet, such as Industry Canada’s website Strategies, Newspapers, and Statistics Canada.

**Secondary Research** (sources that exist already)

- ❖ Business Directories
- ❖ Newspaper
- ❖ Industry Associations
- ❖ Stats Canada
- ❖ Internet (strategis.ic.gc.ca)

It may be that the information that you need does not yet exist, or does exist but (a) is either not detailed enough for your needs or (b) is too costly to obtain. This is when you have to do primary research. Primary research is research that you have to undertake yourself, that is, you create the information first hand.

**Primary Research** (you create the information first hand)

- ❖ Surveys
- ❖ Questionnaires
- ❖ Customers
- ❖ Competitors
- ❖ Observation
- ❖ Suppliers
- ❖ Focus groups

Some sources of primary research are surveys, competitors, questionnaires, observation, customers, suppliers, and focus groups.

Pros and cons of secondary data

- ◆ Pros
  - Economical – no need to conduct primary research
  - Time saving – often easy to obtain – May contain information that would otherwise be impossible to obtain
- ◆ Cons
  - May not correspond exactly to needs
  - May be either out of date or useless
  - Credibility may be limited

Best methods for collecting primary market information – small business.

1. Focus Groups
2. Surveys
3. Observation
4. Personal Interviews

**Market Research – Focus Groups**

Advantages	Disadvantages	Notes
- Depth of opinions - Easy to probe - Multiple opinions at once	- High admin and coordination - Group bias; herd mentality - Structure/control issues	- Use objective facilitator - Don’t bias process - Use non biased participants

Note: May be hard to administer logistically – time consuming and costly  
Great if you can get professional help – market research firm – facilitator

Market Research - Surveys

<b>Advantages</b>	<b>Disadvantages</b>	<b>Notes</b>
<ul style="list-style-type: none"> <li>- High reach potential</li> <li>- Versatile</li> <li>- Response control</li> </ul>	<ul style="list-style-type: none"> <li>- Response rate</li> <li>- Length</li> <li>- Validity and reliability issues</li> </ul>	<ul style="list-style-type: none"> <li>- Avoid bias</li> <li>- Pre-test</li> <li>- Measure what you say you will</li> <li>- Must be actionable</li> </ul>

Note: Excellent way to analyze Demographics

Allows testing of assumptions

Mailing lists:

Dun and Bradstreet – Million dollar directory

Canada Post – mail walks

Demographic Facts books

Market Research – Observation

<b><u>Advantages</u></b>	<b><u>Disadvantages</u></b>	<b><u>Notes</u></b>
<ul style="list-style-type: none"> <li>- Least expensive</li> <li>- First hand behaviours</li> <li>- Low administration</li> </ul>	<ul style="list-style-type: none"> <li>- Potential for bias</li> <li>- Time consuming</li> <li>- Low reach</li> <li>- Need to find clients first</li> </ul>	<ul style="list-style-type: none"> <li>- Maintain objectivity</li> <li>- Random observations</li> <li>- Find measurable info</li> </ul>

**Look for things such as:**

- ❖ Level of service
- ❖ Number of clients
- ❖ Average purchase
- ❖ Promotional activities
- ❖ Customer service
- ❖ Image projected
- ❖ Client reactions
- ❖ New products or strategies
- ❖ -Doesn't work in all industries
- ❖ Least expensive
- ❖ Should be ongoing

**Market Research – Personal Interview**

<u>Advantages</u>	<u>Disadvantages</u>	<u>Notes</u>
<ul style="list-style-type: none"> <li>- Personal</li> <li>- First hand observation</li> <li>- Provides follow up lead</li> <li>- Cost effective</li> </ul>	<ul style="list-style-type: none"> <li>- Potential bias</li> <li>- Time consuming</li> </ul>	<ul style="list-style-type: none"> <li>- Use on clients, suppliers &amp; industry leaders</li> <li>- Ask for leads</li> </ul>

Note: Often most effective – cost effective, personal and often generates leads or sales  
 Least glamorous/ best option in many cases  
 Best - is a combination of surveys and personal interviews

## Executive Summary – Sample

(Uniform Medical Supply Company)

Top Quality Medical Uniforms is a sole proprietorship, registered in the province of Ontario. The owner and operator of the company is Mary Valentiante. The business will begin operations on January 4, 1996. The business will operate from Unit 25, 1550 Carling Avenue, Ottawa, Ontario.

The business will operate on a full time basis, primarily Monday to Friday – 8:00am to 5:00 pm with additional hours to provide for the various shifts of a 24hour medical industry. The additional coverage will allow for product display shows and home parties.

The product line is comprised of scrubs, dress uniforms and lab coats. Products will be available for both men and women. The product line will be made of quality materials that focus on comfort. The material will either be a cotton blend – 50% cotton and 50% polyester or 100% cotton. The primary concern for this target group is “wash and wear”. The product line will also have a mix of colors, solids, and prints. There will also be a full range of sizes available. The product line will reflect today’s fashion needs.

In total, there has been 22 months of market research for this business venture. The research include employment in a uniform retail outlet, distribution of a survey to proposed target market, interviews with senior hospital staff, compilation of industry statistics collected from industry associations, Statistics Canada, and Industry Canada, and on site visits of the competition.

The target markets for this business are individuals who require medical uniforms while performing their employment duties. These individuals work primarily at the following locations:

Hospitals (13)  
Nursing Homes (11)  
Laboratories (47)  
Dental Offices (250)  
And other small operations (numerous)

The total number of individuals employed at these locations and other small offices total over 25 915. Of this number, 16 284 are employed by the 13 hospitals located in Ottawa-Carleton. The employees of these hospitals will be the primary target market in the first years of operations. Through market research, it was revealed that 90% of the selected populations are female. Women under 25 and those over 40 years comprise 75% of the total population targeted by this business. The reason for the focus on this target group is that:

- 1) Women under 25 are recent entries into the medical field and tend to have the attitude of – I must look my best at all times
- 2) Women over age 40 years have established themselves in the field and are generally comfortable financially so will tend to spend more on uniforms, to ensure that they are comfortable working.

The average salary for the target group is \$40 000. The majority of these individuals has at least 4 uniforms and purchases a new uniform twice yearly.

The advertising and promotional activities have already begun as a result of the initial hospital visits. “Word of Mouth” is already proving to be effective. Requests are already being received for product shows and advertising. In addition to this, there is also development of business cards, flyers, a promotional package; product shows, yellow pages advertising and value added discount plans. Additional research is being completed for placing advertisements in journals, newsletters and organizational magazines.

Analysis of the competition has shown that there is a need for a **quality** uniform supplier for the vast numbers of medical, laboratory, and other related staff in the Ottawa-Carleton Region. Presently, there are 5 suppliers of medical uniforms in the Region. From the market research and the questionnaire, it has been determined that the quality and pricing structures do not meet the needs and resources of the target group.

Four primary suppliers have been identified through research on BOSS, the Fraser Directory and the Thomas Registry from an overall list of 32 suppliers. The four key suppliers were selected for their product quality, wide range of selection and wholesale pricing.

Total cash investment to date from the owner totals \$14 800. Of the \$14 800 investment, 1650 has been spent on primary market research and test marketing. The remaining \$13 150 will be the owners' contribution for the New Ventures Loan Program: the full amount of the loan will be applied for. Total start-up capital will be \$28 150. These funds will be used for equipment purchase, start up inventory, and start up operating expenses. A net profit of \$3 250 is projected after the first year of operations.

### **Competitive Analysis – Sample** (Sign Industry)

Competition research for this business has taken place over the past 6 months. The research includes; onsite visits; distribution of market survey; and an intensive phone survey. The competition was selected from the Ottawa-Carleton phone book, membership listing of the Ottawa branch of the Sign Association, and the listing of participants at both The Ottawa Business Show and The Ottawa Trade Show.

Of the 148 companies listed in the phone book, 46 companies were immediately eliminated because their advertising in the yellow page described their products as not having resemblance to what this company will be marketing. The remaining 102 companies were surveyed by phone. Details of the content and results from the phone survey are in the Appendix D – Competition Analysis.

A cross-reference was done from the phone book, the Sign Association, the Business Show, and the Trade Show. Any companies that were not surveyed in the initial phone survey were contacted by phone.

Further analysis of the competition was done through on-site visits. The criteria used to determine and on-site visit were:

- 1.) Proximity to our location – within a 7 mile radius
- 2.) Competitors that were highlighted by our target market during our general survey
- 3.) Competitors that have been in business for more than 10 years
- 4.) Competitors that provided very good to excellent customer service during the phone survey.

Competitors that met three out of the four standards were selected. A total of 12 competitors were chosen.

Details of the on-site visit to the 12 competitors and analysis of the information is provided below:

<b>Name:</b>	Hammer Signs
<b>Address:</b>	567 Hammer Road Ottawa, Ontario
<b>Phone:</b>	613-980-7654
<b>Fax:</b>	613-980-7654
<b>Product line:</b>	Interior and exterior signs using computerized vinyl lettering. Background material include almost any material – wood, chloroplast, metal, magnetic, plastic. Specialty area includes sport vehicle lettering.
<b>Store layout:</b>	Very well organized, well stocked
<b>Pricing:</b>	High end
<b>Advertising:</b>	Yellow pages, flyers at sport trades
<b>Hours of Operations:</b>	Monday – Friday 8:00am – 5:00pm, Saturday 9:00am – 3:00pm
<b>Staff:</b>	5 full time – knowledgeable and aggressive
<b>Customer Service:</b>	Always trying to please the customer
<b>Years in business:</b>	25 years
<b>Strength:</b>	25 years in the industry, knowledgeable staff, well stocked
<b>Weakness:</b>	Appear not to be expanding with new technology
<b>Opportunity:</b>	Aggressively market new technology

**Threat:** Well established with a loyal following in the sport industry

*Target Market – Sample*  
(Family Video Store)

The target market for this business is family with children under 14 years of age.

Three locations in the Ottawa-Carleton region were short listed as a possibility for a location of a family video store. They were: Hunt Club and Bank; Baseline and Greenbank; and Castlefrank and Katimavik. The final selection for a location was Castle frank and Katimavik in Kanata.

The selection was based on the following demographics: total population; family size and age distribution; family income level; dwelling breakdown; and future planning and development for the area.

The targeted area includes census tracts 162.02, 162.01, 161.02, 160.01, 160.06, 160. and 160.04 in the city of Kanata. This information was taken from the Demographic Economic Facts Book, Ottawa-Carleton Planning Division. This encompasses an area of a five-mile radius of the store location. The following statistics are totals from the above census tracts:

- Total population 21,530
- 30% of the population under 14 years of age – 6459
- Total dwellings 6957, 77% houses owned 5345
- Average family income \$58,234

Information from the Family Expenditures (Statistics Canada Publication) indicates that a family household with an income over \$50,000 spends on average \$452.00 per year on video entertainment.

As of 1991, 89% of all Canadians households own a VCR machine. (Statistics Canada Publication – Product Purchases) Total VCR machine ownership in this area would include 6,191 households.

Research conducted in 1989 by the Canadian Video and CD Association reveals that a population base of 5,257 is required to support a specialty video store. There is only one other general video store in the area. Therefore the population can easily support two stores.

To ensure there is a need by the anticipated target market for a specialty video store, a questionnaire was designed and a survey was conducted at the local shopping mall and sports facilities. A total of 279 individuals were surveyed over a 4-day period. Results from the survey indicated overwhelming support for this venture. They include:

- 97% said they would come once we were open
- 92% said they rent videos twice weekly
- 87% said they would travel an extra 10 minutes if the selection was good
- 79% said their family video needs are not being met
- 90% said they plan on staying in the community for more than 5 years
- 86% had children under 10 years of age
- The average spent per trip for video rental was \$5.00

Complete analysis and survey results can be viewed in Appendix B – Market Research Survey.

*CUSTOMER PROFILE*

Keep in mind the 80/20 rule, 20% of your customers account for 80% of your revenue. Recognizing the make up of the 20% will give you an edge over your competitors.

**Primary Market:**

**Secondary Market:**

1. \_\_\_\_\_

1. \_\_\_\_\_

2. \_\_\_\_\_

2. \_\_\_\_\_

3. \_\_\_\_\_

3. \_\_\_\_\_

**Describe your product/service?**

**What are the value added features?**

What are the benefits? For example, save money, increase leisure time, save time, etc.

**DEMOGRAPHICS/PSYCHOGRAPHICS:**

Age Range	
Male/Female	
Marital/Single	
Children	
Income	
Rent/Own	
Location of household	
Occupation	
Education	
Cultural/Ethnic background	
Likes	
Dislikes	
Attitudes	
Behaviours	
Preferences	
No. of people in target market	
What need does your product/service fill?	
How often will they buy?	

<i>Buying decisions are based on:</i>	
Price (lower, medium, high)	
Parking	
Service	
Quality	
Fashion	
Convenience	
Location	
Atmosphere	
Risk takers	

Trend leaders	
Discounts/sales	

*BUSINESS PROFILE*

**Primary Market:**

**Secondary Market:**

1. \_\_\_\_\_

1. \_\_\_\_\_

2. \_\_\_\_\_

2. \_\_\_\_\_

3. \_\_\_\_\_

3. \_\_\_\_\_

**Describe your product/service?**

**What are the value added features?**

**What are the benefits? For example, increase revenues, decrease costs, increase profit margin, save time, etc.**

**DEMOGRAPHICS/PHYCOGRAPHICS:**

Number of businesses	
Age of business	
Location of business	
Business sector (Retail, medical, high tech)	
Size – sales volume	
Size – No. of employees	
Size - Square footage	
What influences the purchasing decision	
What need does your product fill	
Frequency of purchase	
Who makes the purchasing decision	

**COMPETITOR ANALYSIS**

<i>INFORMATION</i>	<b>YOUR BUSINESS</b>	<b>NAME OF COMPETITOR</b>	<b>NAME OF COMPETITOR</b>	<b>NAME OF COMPETITOR</b>
Product/Service				
How is the product different from yours?				
How large are they? Sales volume Number of employees Square footage				
Who is their target market?				
What are their prices? (low,medium,high)				
How do they promote & advertise?				
What are their strengths?				
What are their weaknesses?				
How can you capitalize on the opportunities?				
How can you minimize the threats?				
How will they react when you enter the market?				
Hours of operation.				
How many years in business?				
Where are they located?				
Customer service standards.				
Do they cross promote with other businesses?				
Analyze location				
Traffic patterns				
Busy periods				
Hand out materials				
Sales/Discounts				
Store layout				
Packaging				
Image (low, medium, high)				
Threat				
Opportunities				
Direct or indirect competition?				

## CASH FLOW STATEMENT

**THE GROUP :**

**YEAR ONE**

MONTHS	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	TOTAL
<b>A - CASH RECEIPTS</b>													
Accts Receivable			1600	2400	2400	1600	2400	2800	2800	2800	2800	2400	24000
Group Consulting (COD)			2400			2400		2400		2400			9600
Seminars (COD)		750	1000	1400		750	750	750	750	750			6900
Loan	15000												15000
Personal Investment	7500												7500
													0
<b>TOTAL OF A</b>	\$22,500	\$750	\$5,000	\$3,800	\$2,400	\$4,750	\$3,150	\$5,950	\$3,550	\$5,950	\$2,800	\$2,400	\$63,000
<b>B - CASH DISBURSEMENTS</b>													
Equipment Purchase	10923	770				300							11993
Business Registration	60												60
Office Supplies	100	25	25	25	25	25	25	25	25	25	25	25	375
Telephone/Fax	375	200	200	200	200	200	200	200	200	200	200	200	2575
Facility Rental		100	100	100		100	100	100	100	100			800
Insurance	36	36	36	36	36	36	36	36	36	36	36	36	432
Advertising	1050	1105	685	685	325	1215	765	765	715	715	415	355	8795
Salary & Social Benefits	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	24000
Materials	200	200	250	200	100	150	300	300	300	300	300	300	2900
Vehicle : Gas/Parking	200	200	200	200	200	200	200	200	200	200	200	200	2400
Loan Repayment		150	150	150	150	150	150	150	150	150	150	150	1650
Bank Charges	20	20	20	20	20	20	20	20	20	20	20	20	240
Miscellaneous	50	50	50	50	50	50	50	50	50	50	50	50	600
<b>TOTAL OF B</b>	\$15,014	\$4,856	\$3,716	\$3,666	\$3,106	\$4,446	\$3,846	\$3,846	\$3,796	\$3,796	\$3,396	\$3,336	\$56,820
<b>NET CASH (A - B)</b>													
	\$7,486	-\$4,106	\$1,284	\$134	-\$706	\$304	-\$696	\$2,104	-\$246	\$2,154	-\$596	-\$936	
<b>Net Cash Surplus</b>	7486		1284	134		304		2104		2154			
<b>Net Cash Deficit</b>		4106			706		696		246		596	936	
<b>CUMULATIVE TO DATE</b>													
	\$7,486	\$3,380	\$4,664	\$4,798	\$4,092	\$4,396	\$3,700	\$5,804	\$5,558	\$7,712	\$7,116	\$6,180	

*DEFINITIONS FOR BREAK-EVEN POINT*

DEFINITION	EXPLANATION
<b>Selling Price</b>	Product cost plus markup
<b>Markup</b>	The difference between your cost and your selling price
<b>Fixed Costs</b>	Costs that you must pay whether you sell one unit or 200 units (E.g. rent, insurance, loans, property taxes, utilities, etc.). They are not directly connected to your sales.
<b>Variable Costs</b>	Costs that change with each unit sold. E.g. If you are selling cameras the actual cost to purchase the camera is a variable cost and if you had to hire someone on commission to sell the cameras their wages would be a variable cost. Other examples for variable costs, freight, rent based on sales, etc.
<b>Cost of Goods Sold (COGS)</b>	What direct costs you incur to produce your revenue. Otherwise, known as your variable costs. Retail, manufacturing, and wholesale businesses use COGS on their income statement. If you are selling a service you would <u>not</u> have a COGS on your income statement.
<b>Gross Margin</b>	Total Sales minus Cost of Goods Sold. The difference between your sales and COGS is a valuable benchmark to determine if your business is successful. When calculated in percentage form you can compare your figures to the industry average to ensure you are within an acceptable range.

To determine a price for your product/service, you must decide on a realistic profit. The only way to determine a reasonable profit you must know your costs.

Approximately what are the business cost(s) of your product/service?

Fixed Costs	Variable Costs

**BREAK-EVEN POINT BY UNITS/ITEMS**

$$\frac{\text{Fixed Costs}}{\text{Unit Selling Price}-\text{Unit Variable Cost}} = \text{Break-even Point in Units}$$

The breakeven point by units/items – tells you how many units/items you must sell to breakeven. Consider the following situation for a business that sells cameras:

**Selling price:** \$275

**Fixed costs:**

Rent	\$1,500 per month
Insurance	\$ 100 per month
Gas/Hydro	\$ 300 per month
Telephone	<u>\$ 150 per month</u>
<b>Total fixed costs:</b>	<b><u>\$2,050</u></b>

(Remember you would incur more Fixed costs than stated above)

**Variable Costs:**

Camera	\$150 each (price to purchase it for resale)
Shipping	<u>\$ 5 per copier</u>
<b>Total variable costs:</b>	<b><u>\$155</u></b>

**Step 1:** Total your variable costs  
Answer: \$150 (Photocopier) + \$5 (Shipping) = **\$155**

**Step 2:** \$275 (Selling price) - \$155 (Variable Costs) = **\$120**

**Step 3:**  $\frac{\text{Fixed Costs}}{\text{Price-Variable}} = \text{Number of Units/Items}$        $\frac{\mathbf{\$2,050}}{\mathbf{\$120}} = \mathbf{17.08}$  Units

This means that you would have to sell 17 cameras per month to breakeven (to cover your costs). Each additional unit you sell would start to make a profit.

**Make sure that your presumptions are reasonable. In other words, is it realistic to sell 17 cameras in one month?**

**If you want to calculate the breakeven point in dollars, take your total units required and multiply by your selling price.**

**E.g. 17 units x \$275 = \$4,675**

**BREAK-EVEN POINT BY DOLLARS FOR SERVICE**

In this example you do not have a Cost of Goods Sold; therefore, determining your breakeven point is very simple. Lets consider a professional facilitator:

**Fixed Costs**

EXPLANATION	DOLLARS SPENT
Rent – Training Room	\$ 750
Insurance	\$ 76
Utilities	\$ 225
Telephone	\$ 76
Loan (Equipment & office Furniture	\$ 365
<b>TOTAL FIXED COSTS</b>	<b>\$ 1,492</b>

**Variable Costs**

EXPLANATION	DOLLARS SPENT
Lunch/Coffee/Tea/Snacks	\$ 180
Photocopying	\$ 76
<b>TOTAL VARIABLE COSTS</b>	<b>\$ 265</b>

Price - \$950 Per day

$$\frac{\text{Fixed Costs}}{\text{Unit Selling Price}-\text{Unit Variable Cost}} = \text{Break-even Point in Numbers}$$

$$\frac{\$1,492}{\$950-\$265} = 2.18 \text{ Seminars (Cannot provide .18}^{\text{th}} \text{ of a seminar)}$$

To calculate into dollars, take 3(Seminars) x \$950 = \$2,850