

**A**

**Business Concept**

**Outline**

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## Components of a Business Concept

1. Executive Summary
2. Organization overview
3. Details of your service/ product
4. Marketing Plan
  - Proof of demand/ market info
  - Target customers
  - Analysis of competition
  - Promotion and advertising
5. Financial Plan
6. Appendix

**From the information below, select only those items that relate to *your* business.** You may not be purchasing an existing business, manufacturing a product, or hiring manager and staff.

**Your business plan is a personal document and reflects *your* plans and goals.** There is no one correct format!

For example, another set of business plan headings is:

- Executive Summary
- Business Profile
- The marketing plan
- The production plan
- The human resources plan
- The financial plan
- Supporting documents

A business plan for a service business will be quite different than one for the manufacturing sector. A business plan for a business needing to borrow \$100,000 may be quite different than one for a business requiring no start-up funding. However, the basic components ARE the same!

*Business plans are an essential management tool  
to help you determine the future direction and success  
of your business.*

## Executive Summary

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The purpose of an executive summary is to provide a quick and concise overview of the business (in one or two pages).

*This is where you sell your self, and your idea!*

Although this section appears first, it should be written last.

The plan summary should highlight key elements of the entire business plan (who, what, where, when, how), including:

- ❖ Objectives of the business (Mission Statement)
- ❖ Your products or services, with emphasis on unique selling proposition
- ❖ Who will buy your product and why and how you are going to market to them
- ❖ Your estimate of market potential and assessment of the competition
- ❖ Cash Flow Projections & Profit Margins
- ❖ How much money is needed, how many dollars you are bringing to the business, what will be done with it and how/when it will be paid back

## Organization Overview

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### Background:

- ❖ Business name and location (if purchasing an existing business, how long it has operated)
- ❖ Business number (registration)
- ❖ GST, PST, payroll registrations
- ❖ Regulations and licences
- ❖ Municipal zoning considerations
- ❖ Proposed legal structure (sole proprietorship, partnership, corporation)
- ❖ Insurance coverage
- ❖ Record keeping plans
- ❖ Owners skills/experience and personal qualifications for managing *this* business
- ❖ Family cooperation/ support (if pertinent)
- ❖ Advisors

## Your Product/ Service:

This section should cover items such as:

- ❖ A detailed explanation of your service/product, paying attention to the time factor involved in delivering the service/ creating the product
- ❖ Details of your *niche* advantage
- ❖ Suppliers and terms
- ❖ Pricing policies and terms of sale
- ❖ Customer service considerations; features, benefits and competitive advantages of your product
- ❖ Inventory and Production processes (if relevant)

## Marketing Plan:

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Market research is the most important part of any business plan since it determines not only potential demand and the target market but also expected sales levels, future opportunities in the market, how many employees will be needed, etc. In essence, **the marketing plan is the foundation of a good business plan.**

This section should demonstrate that you understand how your market should be segmented, and that you have the ability to sell and deliver your product or service effectively to the right targets. This is the place to show why customers will buy from your company.

The following outlines some of the things that should be included:

### Proof of Demand:

- ❖ Identify the industry and describe trends and the outlook for the market. By investigating past trends, it is often possible to anticipate future opportunities in the market.
- ❖ Pick at least three reasons *you* feel there is demand for your service/product and then locate statistics, articles, and other supporting documentation for your reason
- ❖ Focus on your *niche* advantage and why you feel that will generate demand
- ❖ Evaluation of a market survey, if completed

### Target Market:

- ❖ Identify your target market(s). It is important to segment and target the market properly – something that new companies frequently overlook. Concentrating your resources on the needs of a specific segment and carving out a niche may mean the difference between success and failure.

### Competition:

- ❖ Investigate the competition, who they are and what are their strengths and weaknesses. If you fully understand your own strengths and weaknesses you can turn them into opportunities.

### **Sales Plan:**

- ❖ Discuss how and where you plan to sell and distribute your product or service.
- ❖ What is your strategy for sales?
- ❖ How many sales calls will it take to get an order, and how large will an average order be?

### **Advertising and Promotions:**

- ❖ Discuss how you will generate awareness of your product or service among potential customers. Which promotional activities you will use... public relations, trade shows, sales incentives, promotional literature, media, etc.
- ❖ Will these expenses be a large percentage of total expenses? If so, explain how much they will be and when they are likely to be incurred.

### **Financial Plan**

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You will need to include any previous financial statements (if applicable) as well as detailed projections for the first year. If you are requesting considerable funding, you will likely be asked to provide financial projections for two or three years.

- ❖ List all start-up costs, with estimates of any major items
- ❖ Cash flow projections by month for the next 24 months
- ❖ Summarize/identify all assumptions in your revenues and expenses
- ❖ Break-even analysis
- ❖ Owner's personal equity statement

Consider using a computer application to help you with projections based on your assumptions. Your projections should be tied to your market expectations. It is important to state clearly the assumptions you used when preparing the projections. Your financial analysis should identify and support the amount of money you are seeking from potential investors or financial institutions. Preparing financial projections requires accounting and finance knowledge. If none of your team members are qualified in this area, get outside help.

### **Money needed:**

This section of your plan should indicate the amount of money you will need, when you will need it, how it will be used and how repaid. Respond to questions like:

- ❖ How much money do you need?
- ❖ How much will you need over the next three to five years, and when?
- ❖ How will you use the initial funds?

If financing is needed in order for you to start your business, the financing must be finalized and approved prior to your SEB application being submitted.

Month	1	2	3	4	5	6	7	8	9	10	11	12	Totals
<b>REVENUE:</b>													
-Sales A													
-Sales B													
<b>Total Revenue</b>													
<b>CASH IN:</b>													
-Cash From Sales													
-Cash Equity (Owner Investment)													
-Loan													
-Other Loans													
<b>Total Cash In</b>													
<b>CASH OUT: (1+2+3+4)</b>													
<b>1. Direct Expenses</b>													
-Material A													
-Material B													
-Production Labour													
-Sales Commission													
<b>Total Direct Expenses</b>													
<b>2. Indirect Expenses</b>													
-Lease/Rent													
-Utilities													
-Insurance													
-Property/Business Tax													
-Advertising/Promotion													
-Office													
-Telephone/Fax													
-Bank Charges													
-Administrative Labour													
-Employee Benefits													
-Legal/Accounting													
-Repair/Maintenance													
-Vehicle Expenses													
-Licenses/Fees/Dues													
-Other - Specify													
-Owner Drawings													
<b>Total Indirect Expenses</b>													
<b>3. Loan Payments</b>													
-Loan 1													
-Other													
<b>Total Loan Payments</b>													

<b>4. Capital Purchases</b>													
-Equipment Purchases													
-Inventory Purchases													
-Renovation Expenses													
<b>Total Capital Purchases</b>													
<b>TOTAL CASH OUT (1+2+3+4)</b>													
<b>NET CASH CALCULATION:</b>													
A. Opening Cash/Balance Forward													
B. Add Total Cash In													
C. Subtract Total Cash Out													
<b>D. Surplus/Deficit (A+B-C)</b>													

## Appendix

Include exhibits to provide additional details that help tell your story. For example

- ❖ Resumes and references
- ❖ Photographs or sketches of your product/service and site
- ❖ Market studies and research
- ❖ Published data and articles relating to your market research
- ❖ Sample promotional materials
- ❖ Relevant contracts and agreements (eg. Partnership agreements, leases, etc.)

## Other Considerations:

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### Organization Of Plan:

Organize your plan so it is easy for readers to find specific sections. Many readers will read only selected section according to their needs for specific information. Your plan should have a table of contents. Also consider using tabs to identify major sections.

### Objective Overview:

After you have completed your business plan, have others review it before sending it to potential investors or lenders. Individuals in the best position to provide you with constructive comments include business consultants, other entrepreneurs, your accounting and business advisors, and your lawyers.

### Confidentiality:

Your plan will contain sensitive and confidential information. Therefore, you should carefully control its distribution. Indicate on the cover page, and in a footer, that it is confidential. A sample statement can be put on the cover page, such as:

The following business plan contains information of a highly confidential nature. Any disclosure of the contents of this plan or other information provided, without the express written permission of the company, is prohibited.
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