

Business Planning Workbook



Business Name _____
Your Name: _____
Date: _____

Disclaimer: The content of these documents and the information requested is general yet with enough content for most loan application procedures. Because of different lending requirements of each Community Futures or financial institution, however, it is recommended that you contact your local Community Futures or lending institution for specific business plan information requirements (go to www.cfmanitoba.ca for a listing of your local Community Futures).

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Before You Begin

Please remember that there are not right or wrong answers. A business plan should be first and foremost written by YOU! It is your road map to how you will manage and operate your business.

A well thought out business plan can make a difference in your business's success.

The business plan is a formal presentation of your business idea. It contains all the steps you will take to implement it now and into the future.

The business plan has two functions:

1. Personal – You will get a real sense of what you are doing and how you will do it.
2. External - For lenders, suppliers, advisors, investors and others who may assist you with start-up.

This is a business planning guide created in a workbook format. Remember that not all businesses will need all the information requested in this guide. No one business plan will work for every business – cookie cutters are for cookies, not for business plans. This booklet is intended to present the widest possible scope, so that it may fit most businesses.

Some general things you need to consider when starting a business:

- Choose Your Form of Business Organization: (Corporation, Non-profit, Partnership, Sole Proprietorship)
- Naming Your Business and Registering The Name
- Develop Business Plan
- Banking (Loans, Line of Credit, Credit Cards, Interac)
- Insurance (Liability, Vehicle, Property/Contents Insurance?)
- PST, GST, Licenses and Permits
- Location/Zoning (Lease or Purchase Space, or Home Based Business, Occupancy permit)
- Employers (Workers Compensation, Employment Standards, Wage Deductions, Canada Pension Plan, Employment Insurance)
- Taxation
- Advertising/Marketing
- Bookkeeping
- Business Communications (Phone/Cellular/Pager/Answering System)
- Lawyer, Accountant, other professional services
- Etc.

Initial Assessment

What is your business idea? What do you want your business to look like when you are done? Explain it to us, don't be afraid to use pictures or point form.

Tell us why you would like to start this business and/or how the business idea came about.

What skills do you have to start the business? What do people tell you you're good at?

Who is your market/customers? Who will you sell your product or services to?

What will it cost you to get started or get into the business?

Do you have money and or assets to put into the business? Give details.

Will you make enough money to cover your basic monthly business expenses as calculated below?

TABLE A

Monthly Business Expenses (Fixed Costs) – Table A	
Rent or Mortgage	\$
Phone/Cell	
Hydro/Utilities	
Owner's Draw	
Wages & Payroll Deductions	
Vehicle(s) Operation	
Property Insurance/Other Insurance	
Accounting/Legal/Professional	
Bank charges	
Loan Payment – Principal & Interest	
Contingency – minimum of 10% of above total	
Total	

Break even Analysis: What volume of sales (minimum amount of sales) do you require to cover your basic monthly expenses?

Estimated Monthly Sales – Based on your realistic market (Complete Table B below).	\$
Minus Cost of Goods Sold (COGS) *For many service businesses, COGS may be zero (0). Typical retail figures are: Restaurants – 40%, Grocery/Convenience Sales – 80%, General Retail – 60%, COGS includes inventory, direct labour etc.	-
Equals Gross Profit	
Minus Monthly Fixed Costs (Table A, Previous)	-
Equals Net Profit/Loss (before taxes)	=

TABLE B – Estimated Monthly Sales – Breakdown:

Breakdown of Business Sales/Services by Item (e.g. lawns cut/fertilized; haircuts/perms; meals served- Breakfast, Dinner, Supper, coffee; floral arrangements and gifts; loaves of bread, cakes etc.)	Daily Sales of Item	Multiplied by days business open per month	Equals Monthly Sales
Total Estimated Sales (sum of monthly sales)			

Will your business be profitable? _____

Executive Summary

Proposed Business Name: _____

Business Name Registration Number: _____
 (see Page 35 for details on registering a business name)

PST Registration Number: _____

GST Registration Number: _____

Street Address of Business: _____

Mailing Address: _____

Phone Number: _____

Cell Phone Number: _____

Email Address: _____

What type of business will you run?

- Sole Proprietorship
- Partnership
- Corporation
- Non-Profit Corporation
- Co-operative
- Franchise

Name of Owner(s) (Sole Proprietorship, Partnership) or Shareholders (Corporation)	Position/Title Eg. Manager, Chair etc.	% of Ownership E.g. 51%, 100%

Date business was/is expected to be registered or incorporated:

Business Description

Describe your product or service in detail:

How is your business different from what is out there? (Uniqueness/niche)
Describe your product or services Key Features – Why will customers choose to buy your product and/or service instead of another company's. What makes your product/service unique, and how does it differ from your competition:

What **need** does your product or service satisfy? How can you serve the market better or differently than your competitors?

Describe current trends within the industry. Industry is used to define a group of businesses that supply related products or services. What's happening in this type of business?

Describe how your product and/or service will be produced and or sourced?

How do you plan to grow your business in the future? Example: Adding new products, expanding your market, providing additional services?

List any existing (or pending) Patents or Trademarks, if applicable.

Action Plan

List all the important tasks that must be completed before the business opens.

Action - How (Requirement)	Being Done By – Yourself, Family, Lawyer, etc.	Date of Completion – When do you expect to get it done by?
Find Location to Operate Business		
Renovate/Construct Building(if required)		
Register Business Name		
Complete Business Plan		
Obtain Business Number		
Register for GST, PST numbers		
Obtain Business License		
Obtain & Install Equipment		
Hire Employee(s)		
Grand Opening		
Other:		
Other:		
Other:		
Other:		

Marketing Plan/Strategy

Before you begin this section, you may want to see Page 37 for Common Marketing Terms/Definitions/Hints

Write down the market research you have done that shows you have a viable business idea. Examples include surveys, statistics analysis etc....

Consumers/Target Market

Describe your typical customer. (Eg. Single females between the ages of 30 and 40, making over \$30,000/year, living within 50km of Town X, etc.)

Where will your customers come from and what is the total population of this trading area (your trading area could be your town and surrounding towns)? List all the towns and/or major centers within your trade area.

ADVERTISING & PROMOTION

How will you advertise your business?

How can you generate publicity for your project? Example – New Business write up in local paper.

How do you intend to sell your product/service to the consumer?

What will be the pricing policy? How has this been determined - industry norm, cost per unit plus mark-up?

How will you package/display/promote your product or service for maximum marketing value?

Will you be offering credit to your customer? If so, under what terms?

How much do you plan to spend on advertising per month and is this sufficient (do you have quotes)? Your 1st few months may be higher, as you build recognition for your business. Promoting your business takes time.

Promotional Strategy/Budget/Timeline

Once you have identified your best advertising options, you should consider your budget and timing of the event(s). You need to identify critical dates (special sales, holidays, season etc), decide on the frequency and how much will it cost, and ask yourself if you have you budgeted for it (Remember to add to cash flow section later in workbook)?

Advertising Event (eg. Ad in flyer, local paper etc.)	Cost	Time of Year	Frequency – once a year/ monthly

Operations Marketing Strategy

It is important to remember that marketing includes everything you do or say in your business that can either encourage or discourage sales. Your attitude or the attitude of the staff, cleanliness, atmosphere, job well done, caring about customers and smiling is part of your operational marketing strategy. Give some thought to what's important to *you* as a customer.

How will you incorporate an operations marketing strategy in your business?

COMPETITION

Describe your competitors. Who is your competition? Consider the length of time they have been in business, location, services and products offered.

Competitor's Name	Location	Description	Strengths	Weaknesses	*Direct or Indirect

*Direct Competitors are the businesses in your market area that offer the same or similar products or services. Indirect competitors are different types of business that compete for the same or similar customers. For example, a video store has other video stores as direct competitors. Indirect competitors are cable/satellite TV, movie theatres, live events or anything that may fulfill the customers need to be entertained.

After you have analyzed the competition you should be able to answer these questions:

How will you compete with your competitors? Why will you be successful?

What difficulties do you see in entering the market? How will you overcome these?

Is the target market growing or shrinking? I.E. population increase/decrease, increased traffic counts

Operations

Inventory Controls: Describe how often you anticipate inventory will turn over (sold and need replacing). Identify how much inventory you plan to hold on seasonal basics. If your business requires a large volume and/or many different types of products, how will you track the inventory?

Ongoing Monitoring and Planning

What system will you use to check sales – How will you track and maintain customers – How will you monitor monthly financial statements to keep on top of what is selling well and what isn't. Implement whatever changes may be necessary.

Bookkeeping and Financial Controls

Who will do your accounting? How often will you produce financial statements? Identify your bookkeeper or specify it you will do your own books. How will you ensure your assets are protected? How will you manage against employee theft? How often will you count your inventory?

Suppliers

Identify your major suppliers:

Supplier Name	Credit/Delivery Terms	Location/ Address	Discounts/ Other Information

Location

Physical Address/Location of Business:

State the size of:

Selling Space	
Storage Space	
Office Space	
Other	

Describe your physical location – home based office, store front located on the main Street of Town X etc.

Will you be leasing the building and/or the property? If so, describe the terms of the lease agreement (Include copy in appendix if available).

Will you be purchasing the building and/or the property? If so describe the terms of the purchase agreement (Include copy in appendix if available).

Regulations

Are any special permits or licenses required before the business can start operation, and have these been obtained? (Check with your local municipal office to ensure compliance to zoning, building and other buy-laws which may be in effect in your area. You may also have to check with your closest regional Department of Environment office to ensure compliance and the Manitoba Government to access food safety and health standards).

Insurance Coverage:

Do you have your business insurance? _____

Annual cost of insurance: _____

Please state insurance coverage and deductible (if obtained and/or quoted price):

Building: _____

Contents: _____

Vehicle: _____

Liability: _____

Business Interruption: _____

Other: _____

Life Insurance on Principals: _____

Disability Insurance on Principals: _____

Management and Staff

What are the qualifications and skills of the owner related to operating this business? Tell us about yourself, have you managed a business before, managed the family finances, worked in the industry, been self-employed etc.

Skills of Owner(s):

	Adequate Knowledge	Assistance Needed	Training Needed	Will you be doing this in the business?
Accounting and Taxation				
Planning and Organizing				
Customer Service				
Financial Management				
People Management				
Personal Selling				
Advertising & Promotion				
Decision-Making				
Cost Control				
Management Skills				
Legal Aspects				
Pricing				
Other:				

What other skills will be required to operate this business and who will provide them?

Employees

See Page 36 for Information on Hiring

Describe the number of employees, the duties and pay scale of each one.

Position/Title	Number of People Required for the Position	Duties/Skills Needed	Pay Scale

Total number of employees Needed: _____

What are your staff training plans?

Jobs Created/Maintained- Summary of Employees:

Please include yourself, your partners (if working in the business), your employees and any family members (paid and unpaid).

	Seasonal/Casual	Part-Time	Full-Time	New	Maintained	Paid Position
Start-Up						
Year 1						
Year 2						

Hours of Operation

When will you be open for business? Example: Monday to Friday, 9:00 AM to 6:00 PM.

Financial Summary

You will need to complete the following budgets and cash flows. Spend the time to do this properly. Costs and revenues should be researched. Many businesses have failed from underestimating expenses and overestimating sales.

Understanding the financial basics will help you manage your business more effectively.

This is a very important step in business planning. This part of the business plan can also be known as the "Reality Check". Now you have to take your ideas and translate them into financial statements that will include your income statement, balance sheet and the cash flow forecast.

This part of the business plan may seem scary at first. If you want your business to be profitable and meet your personal goals, you need to complete this section realistically and be prepared with research on your business idea. If you're wondering what type of research you need to do before starting this section; here are some areas to consider and questions to ask yourself:

- What items do I need to purchase for this type of operation and how much will they cost? This can be time consuming, as you will need to find out the cost of everything, small and large. If you are a restaurant for example, you have to think about things like napkins, dishes, the cost of a deep fryer, ventilation system etc.
- Where can I obtain financing, and what is the rate of repayment and terms?
- What statistics are out there for me to use to project my income/expenses? Resources for this information include:
 - http://strategis.ic.gc.ca/epic/internet/inpp-pp.nsf/en/h_pm00059e.html (Performance Plus - gives you access to detailed financial and employment data on more than 600 business sectors across Canada, including more than 30 performance benchmarks to help small businesses determine how they measure up against their competitors)
 - www.statcan.ca – Statistics Canada
 - <http://www.cbcs.org> – Canada Manitoba Business Service Centre

Personal Cash Flow

A personal cash flow helps you to determine how much money you will need from the business to support your personal financial needs. The amount that you need to draw from the business should be in your cash flow projections. There will be a minimal base amount that you must be able to draw from the business to support yourself and meet any financial obligations that exist now or in the near future.

Net Monthly Family Income, including Spouse's Wage (A)		\$
Rent or Mortgage	\$	
Electricity	\$	
Heating	\$	
Fire Insurance	\$	
Water	\$	
Telephone	\$	
Cell Phone	\$	
Internet	\$	
Groceries	\$	
Clothing	\$	
Medication	\$	
Life Insurance	\$	
Recreation and Entertainment	\$	
Auto Insurance	\$	
Auto Repair and Fuel	\$	
Loan Payments eg. Car, line of credit	\$	
School Taxes	\$	
Municipal Taxes	\$	
Credit Card Payments	\$	
Satellite – Bell, Star Choice	\$	
Restaurants	\$	
Gifts	\$	
Other --	\$	
Other --	\$	
Total Monthly Expenditures (B)		\$
Net Monthly Surplus	(A minus B)	\$

Start Up Costs

Give an estimated cost in the space provided.

The charts below will help to determine your capital and operating loan requirements.

A) CAPITAL COSTS

Land (To be Purchased) \$ _____
 Building (To be Purchased) \$ _____
 Renovations/Leasehold Improvements (to be completed) \$ _____
 Equipment Purchase (As per table 1 for total) \$ _____
 Initial Inventory \$ _____
 Owner's Capital Contribution (As per table 2 total) \$ _____

Capital Costs Sub-Total: \$ _____ (A)

Table 1 – Equipment (Purchases):

Equipment Needed	Date Required By	Expected Life	Estimated Purchase Price
Total Equipment Funding Required (Total of Estimated Price Column):			\$ _____

B) OPERATING COSTS (1 month, unless stated otherwise)

Advertising & Promotion \$ _____
 Automobile & Travel \$ _____
 Business Tax/Fees/Licenses \$ _____
 Property Taxes \$ _____
 Owner Salaries (3 months) \$ _____
 Other Salaries/Wages (3 months) \$ _____
 Employee Benefits \$ _____
 Rent/Mortgage \$ _____
 Insurance \$ _____
 Maintenance & Repairs \$ _____
 Office Expense \$ _____
 Telephone/Fax/Internet \$ _____
 Legal Fees/Accounting \$ _____
 Utilities \$ _____
 Other Operating Costs \$ _____

Operating Costs Sub-Total: \$ _____ (B)

C) TOTAL A + B = C \$ _____ (C)

D) APPLICANT INVESTMENT – Owned/Contributed

Cash \$ _____
 Assets – Total (complete table 2 below for total): \$ _____
 Applicant Investment Sub-Total: \$ _____ (D)

E) TOTAL C – D = AMOUNT NEEDED \$ _____ (E)

Table 2 – Owners Assets Investment - Owned

List and give values of other equity items that you are bringing into the business. (Eg. desk, automobile, equipment, tools, computer, inventory etc.)

Item	Serial Number	Date Acquired	Expected Life	Purchase Cost	Current Value
Total Equity Equipment Contribution (Total Of Current Value Column)- Insert total in sections A) Capital Costs & D) Assets)					\$

SOURCES OF FUNDS FOR AMOUNT NEEDED

See Pages 40 & 41 for further information on financing.

Source of Funding			
Your Own Cash (Yourself)		Bank/Credit Union	
Your Own Equity		Other	
Bank or Credit Union Loans		Other	
Friends/Relatives		Other	
TOTAL FUNDING AVAILABLE			

FORECASTING SALES

Before you complete your financial statements, it will be necessary to determine (forecast) your level of sales (income) and your expenses.

This can be a challenging task, but it is one of the key elements of your plan. Your forecast will be based on market research, customer demand, level of competition, and production capacity. Basically, you are calculating, as close as possible the amount of sales you can make in each month. Remember to consider seasonal changes.

There are two methods that can be used for forecasting your sales:

- **Top Down Method:** based on market potential
- **Bottom Up Method :** based on your production capacity

A third method, the break-even method can also be used to understand if the figures are realistic, based upon your plan:

- **Break Even Method:** shows how much you must sell to not lose money

THE TOP DOWN METHOD

You will need to supply numbers based on your market research to answer the following questions:

1. How many people live in the area you will service? _____
2. Of this population, how many are included in your target market? _____
3. How much of my target market would potentially use my service? _____
4. How often will they use this service? _____
5. Price per use multiplied by use of service (Point 4.): _____
6. Potential Sales (Point 5. X Pont 3.) _____

For example: A Yard maintenance service called Yard Buddy is just starting up.

1. The service has decided that it will serve the area of North Vancouver. Which contains 20,000 homes (includes condos, apartments etc.)
2. Buddy's target market is the 40% of all homes that are houses.
40% of 20,000 = 8,000 houses

3. Based on market research he has estimated that 4% of households would potentially use this service 4% of 8,000 = 320 houses
4. Average # of times service will be used; once a week for the year (considering seasonal impact), which equals 26 lawn service visits per year
5. Charge for service is \$30 per visit x 26 visits = \$780.00 per year per customer.
6. \$780 x 320 houses equals \$249,600.

\$249,000 is your annual sales forecast based on the top down method.

Based on these figures we see a great annual income; however it would require more work than one person is capable of doing. It is probably more useful for Yard Buddy to think in terms of how much actual work he is willing or capable of doing. He can calculate this using the Bottom Up method.

THE BOTTOM UP METHOD

The Bottom Up Method Is based on your own production capacity.

1. Calculate the number of hours you will work per day: _____
2. How many days per month? _____
3. Calculate the amount of product or service that can be produced: _____
4. How much does it cost the customer? _____

Example: Yard Buddy wants to work 8 hours a day servicing 3 yards per day. He takes weekends off so he only works 21 days out of every month.

The charge per service is \$30
 Total yards/day = 3
 Charge/yard = \$30/yard

The calculation is 3 yards @ \$30/yard = \$90.00/day
 \$90/day x 21 days/month = \$1,890/month

Based on the amount of work this Yard Buddy can do, we see he can earn \$1,890/month.

This amount may seem like a good income; however we haven't included the cost to Yard Buddy of providing his service. It is necessary to balance this income with Yard Buddy's expenses. To do this we use the Break Even Method.

THE BREAK EVEN METHOD

This method is a handy reality check that projects the minimum amount of sales needed to cover all expenses.

You will need to know and understand your fixed costs and variable costs.

Fixed costs are the costs to you of operating your business. These numbers are fixed because they don't change depending on how much or how little business you are doing. Fixed costs commonly include items like rent, utilities, telephone, insurance etc.

Variable cost is the cost of providing your product or service. These numbers are variable because they will change depending on how much or how little you sell. Variable costs often include items like wholesale inventory costs, materials/ingredients, labour...

$$\frac{\text{Fixed costs (overhead)}}{\text{Unit selling price (minus) Variable costs (your cost per unit)}} = \text{Break even point}$$

For example:

Yard Buddy's **fixed costs**, include truck payments, loan repayment, insurance and cell phone.

They total \$10,000 for the year.

Yard Buddy will service each yard for \$30. (**unit selling price**)

The cost to Yard Buddy for providing his service is \$14 per yard (**variable cost**). This amount includes gas and maintenance for truck, mower and weed wacker, plus garden supplies such as fertilizers and pest control.

The calculation is:

$$\frac{\$10,000 \text{ (buddy's fixed costs)}}{\$30 - \$14 \text{ (unit cost minus variable cost)}} = 625$$

Therefore, Yard Buddy must service 625 yards per year or 2.5 yards per day to break even.

Is this figure realistic given the business plan provided by this company?

Cash Flow Terms - Reference

Sales

All cash sales made during the month.

Automobile

Includes all cash expenses related to automobile use for the business. Such expenses are fuel, insurance, maintenance, etc...

Insurance

Includes all insurance costs incurred by the business, except for automobile insurance (automobile insurance should be placed under the Automobile category).

Professional Fees

All fees paid to lawyers, accountants, business name registration, etc...

Taxes and Licenses

All business taxes and business licence fees paid by the business.

Wages and Benefits

The wages and benefits paid to all employees of the business (not the business owners). This must also include all mandatory costs such as E.I. and CPP.

Principal Drawings

All cash drawings or payments made to the owners of the business.

Loan Payment

Interest and principal payments made to a lender.

Purchase Fixed Assets

All fixed assets or capital equipment purchased by the business. This will include land, buildings, machinery, etc. A guideline to consider: if the asset will be used by the business for more than one-year then it should be considered a fixed asset.

Maintenance

All costs associated with maintaining buildings and equipment used by the business; except for automobile maintenance (automobile maintenance should be placed under the Automobile category).

Cash Flow Forecast

Cash Flow Statement: A record that traces the flow of cash in and out of your business over a given period of time. It shows where the money came from and where it went.

Business Name:															
Projected monthly cash flow for the first year of operations															
Cash In	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total Year 1	Projected Year 2	Projected Year 3
Sales															
Loan															
Owner's Investment															
A Total Cash In															
Cash Out															
Opening Inventory															
Inventory Purchases															
Advertising															
Automobile															
Bank Charges															
Insurance															
Professional Fees															
Rent															
Taxes and Licenses															
Telephone/Internet															
Utilities															
Wages & Benefits															
Principal (Owners) Drawings															
Loan Payments															
Purchase of Fixed Assets															
Office Supplies															
Maintenance															
Contingency (Unexpected Needs)															
Other															
B Total Cash Out															
C Net Monthly Cash (A-B)															
D Beginning Cash Balance (E of previous month)															
E Ending Cash Balance (C+D)															

Notes: _____

Projected Income Statements

The Income Statement: A list of numbers that adds up all of your revenue (income) over a period of time, and then subtracts the total costs of running your business. Whatever is left over is your profit at the end of the period. Also known as the bottom line.

PRO-FORMA INCOME STATEMENT	Year - 1	Year - 2	Year - 3
REVENUE:			
Sales	\$	\$	\$
Other Income	\$	\$	\$
TOTAL REVENUE	\$	\$	\$
(Minus) COST OF GOODS SOLD	\$	\$	\$
GROSS PROFIT	\$	\$	\$
EXPENSES:			
Advertising and Promotion	\$	\$	\$
Automobile Expense	\$	\$	\$
Bank Service Charges	\$	\$	\$
Insurance	\$	\$	\$
Loan Interest (no principal)	\$	\$	\$
Office Supplies	\$	\$	\$
Professional Fees	\$	\$	\$
Rent	\$	\$	\$
Telephone/Internet	\$	\$	\$
Travel	\$	\$	\$
Wages and Benefits	\$	\$	\$
Depreciation	\$	\$	\$
Utilities	\$	\$	\$
Maintenance	\$	\$	\$
Contingency	\$	\$	\$
Other --	\$	\$	\$
TOTAL EXPENSES	\$	\$	\$
NET INCOME (before taxes)	\$	\$	\$

*Notes on Projected Income Statements

Retirement (Succession Plan)

An often overlooked area of business planning, that is becoming more important, is how you will exit your business. Some things to consider are:

- How long do you plan to operate your business?
 - Do you have any family who may be interested in taking over the business in the future?
 - How can I get full value for my business when I sell?
 - What is the tax of implications of selling my business?
 - What are my personal needs from the sale of the business?
-
-
-
-
-
-

Appendices

The appendix is the last section of your business plan. It is the place to include any information that does not fit directly into other sections of your plan.

Appendices often include:

- resume(s) of the owner(s) and key personnel
- personal financial statement of each owner (and their spouse, if applicable)
- detailed or technical information
- letter(s) of support from vendors/suppliers/customers
- copy of major contract(s)
- copy of lease or purchase agreement(s)
- quotation on any major planned purchases
- photos/maps of business area, store layout, competitors' locations, etc.
- promotional items (sample ads, brochures, menus etc.)
- market research
- price list showing wholesale and retail amounts
- samples of advertising, business cards or pictures of product

Congratulations, you are done! It has been a long process of discovery. It is hoped that you have gained an understanding of your business and what you will need to do in order to make your venture a success.

Helpful Hints, Numbers and Contact Information

Registering Your Business Name

If you operate your business as a sole proprietor and operate under your own name - registration is not generally necessary, providing you erect a sign in full public view giving your full name. For example, Mr. Jones is the sole owner of a business he proposes to call J.H. Jones Plumbing, he would not be required to register it.

You will be required to register the name of your business:

- if you intend to carry on business under a name other than your own family name, e.g. Economy; Plumbing.
- if you are associated in a partnership, e.g. J.H. Jones and F.H. Smith Plumbing.
- if your business name - even though it uses your family name - indicates that more than one person is involved in conducting the business, e.g. Jones & Company.

What Facts Must You Supply?

Prior reservation is mandatory in new registrations. If your business falls within one of the above classes, you must file prescribed forms within one month of beginning business. Your registration forms will provide the following information:

- your full name and place of residence,
- the name under which you intend to carry on business, · a description of the nature of the enterprise,
- the location of the enterprise,
- if you are in business alone, a statement that no partnership exists,
- if you are in partnership, the full name of all persons involved and a statement of the time during which the partnership has existed.

Such registration is effective for three years and is renewable upon application. **FORMS MUST BE FILED AND FEES PAID.** Contact the Companies Office for prescribed forms or download from their website www.gov.mb.ca/cca/comp_off/index.html

Workers Compensation Board

The workers compensation system is an accident insurance system for employers and workers. Employers, who pay for the system, are not liable for the workplace injuries or diseases sustained by their workers. In turn, workers injured in the course of employment are automatically eligible for compensation regardless of fault. However, workers give up their right of legal action against a potentially negligent employer in return for the certainty of no-fault benefits.

The Hiring Solution

The Employment Services Department of the WCB has a pool of skilled workers ready to meet your hiring needs. To find out how you, as an employer, can put the hiring solution to work for you, call the **WCB Employment Services at (204) 954-4501. Outside Winnipeg, call toll free in Canada at 1-800-362-3340 or fax (204) 954-4452.**

WCB Employer Services Department
5th Floor, 175 Hargrave Street
Winnipeg, MB R3C 3R8 The Workers Compensation Board of Manitoba
333 Broadway
Winnipeg, MB R3C 4W3
Telephone: (204) 954-4321 - Winnipeg
Toll free: 1-800-362-3340 - in Canada
Website: <http://www.wcb.mb.ca>

Common Marketing Terms/Concepts/Hints

Definitions:

Advertising: Advertising is bringing a product (or service) to the attention of potential and current customers. Advertising is typically done with signs, brochures, commercials, direct mailings or e-mail messages, personal contact, etc.

Publicity: Publicity is getting a mention in the media. Organizations usually have little control over the message in the media, at least, not as they do in advertising because reporters and writers decide on the content.

Marketing: Marketing is the management process responsible for identifying, anticipating and satisfying customer requirements profitably.

Packaging: Material used to protect goods; also an opportunity to present the brand and logo.

Promotions: Promotion keeps the product in the minds of the customer and helps stimulate demand for the product. Promotion involves ongoing advertising and publicity (mention in the press). The ongoing activities of advertising, sales and public relations are often considered aspects of promotions.

Sales: Sales involves most or many of the following activities, including cultivating prospective buyers (or leads) in a market segment; conveying the features, advantages and benefits of a product or service to the lead; and closing the sale (or coming to agreement on pricing and services).

Market Research

Market research is a very important step toward understanding your market. Investors and lenders will require market research before they feel confident in your business idea.

Data you collect will form the basis of your promotion, pricing and packaging as well as providing validation for important assumptions you will make on your financial statements and cash flow projections. **Market Research will also help you to uncover hidden markets you haven't even thought of.**

The data you collect will be open to interpretation and can vary greatly depending on how the questions are asked and where the research is conducted. Market research is not an exact science but it provides a useful point of reference for when one is necessary.

THREE TYPES OF MARKET RESEARCH

PRIMARY RESEARCH

Primary Research is information that you generate for your own purposes. There are many sources and techniques available. The most common ways are:

Personal Interview or Questionnaire: They can happen on the street, in a mall or in a pre-designated area. This method is relatively inexpensive and extremely fast.

Telephone Surveys: This method is ideal when you want to cover a broad territory and generate quick responses. Randomly selecting two numbers from each page of the telephone book is a good way to determine who you will call. The survey must take less than five minutes and many people may refuse to participate. Don't forget to note the responses of each call.

Test Market: This method is useful for checking the viability of prototype products or services, evaluate promotional ideas, assess pricing strategies, or packaging options. The primary goal of test marketing is to evaluate your chosen course of action on a small scale, in order to avoid disaster on a large scale.

Focus Groups: A focus group consists of 8-10 individuals drawn from your target market. The researcher poses specific questions for group discussion. This method may alert you to issues you may not have thought of. Casual focus groups can be quite successful when dealing with small markets.

Observation: With this method the goal is to discover consumer activities within your market. This may include traffic counts, talking with store clerks etc. This method is more qualitative than quantitative.

SECONDARY MARKET RESEARCH

Secondary Research uses information that is already available. This is how you can find out current information relating to - Demographics, - Customer characteristics - Environmental influences.

Demographics: This is statistical data that can give you information about your market potential within a given area. Available statistics include information about: - Population and number of households - Sex, age, income, occupation, education - Census tract and enumeration area data - And more...

Environmental Influences There are many outside factors that may influence your business positively or negatively. Environmental Influences are usually beyond our control, but with awareness of them we can be prepared for sudden opportunities or set backs. It may be to your advantage to stay on top of current issues in your area, read your local paper, pay attention to city council decisions,

and network with other business people. Industry associations help businesses stay current in their field. Some environmental influences to be aware of are:

- Changes in Government regulations or incentives
- Social and cultural change
- Economic forces
- Technological changes

Selling Techniques

WHAT AND WHY DO CUSTOMERS BUY?

Your market segments are made up of individuals who are most likely to want your products or service, they are called **prospects**. Your mission now is to convert prospects into **customers**. To do this you must understand why they buy what they buy.

Nearly a century of market research and psychological observation of consumer behavior demonstrate **customers buy to satisfy personal needs**. The most powerful motivating needs are physical. Some of these needs are hunger, shelter, clothing and transportation.

Once these physical needs are being met the typical consumer moves onto satisfying emotional needs like prestige, safety, pleasure and convenience. Some products that fill these needs are brand names, beauty aids and chocolate doughnuts.

The highest end of the scale fulfils intellectual needs and a need for greater personal achievement. Items at this level tend to be less material and more experiential. (I.e. seminars, retreats and adventure holidays.)

The customer's need is the "bottom line", your product or service only exists to fulfil them. The way we do this is called features and benefits.

FEATURES AND BENEFITS

All customers want to know one thing. "**WHAT'S IN IT FOR ME?**" They are asking you how your product can satisfy their needs. Answer this question correctly and you will have converted your prospect into a customer. Your answer will revolve around your features and benefits. It will be essential to clearly understand what features and benefits your product or service can offer and what needs they fill.

A **feature** is an outstanding quality that adds utility or value to your product. A **benefit** is how that feature satisfies a customers need.

FOR EXAMPLE: Car shoppers as a total market have many different **needs**. Family car buyers are a market segment with different needs than the single person market segment. Family needs might revolve around safety, financial

security, and convenience. A car that has **features** such as airbags, low gas mileage and extra cargo space can offer **benefits** that satisfy their **needs**.

Remember: Customers don't want airbags (feature). They want protection in the event of a collision (benefit) which fulfills their need for safety.

Customers don't want low gas mileage (feature), they want to buy less gas (benefit). Which fulfills their need for financial security.

Customers don't want cargo space (feature), they want to be able to pack up the vehicle for shopping or family outings (benefit). This fulfills their need for convenience.

Funding/Financing Information

Sources of personal equity can include:

Yourself - This is the ideal situation when possible. Equity is what you own, Debt is what you owe. If you have more equity than debt, you may be in a position to provide your own collateral against a loan.

Friends and Family - Once you have exhausted your own funds, the next step may be friends or family. This support, when available, is often based on an informal arrangement, however it is a good idea to have a written agreement and to remain business-like in your dealings. This may be a good option for some, however many family feuds have started over who makes the business decisions.

Investors/Venture Capital - These are people with funds to invest that are not connected to a financial organization. Often they are willing to risk their money in exchange for involvement in the business. They are looking for a good return on their investment and often have a lot of expertise to share. Finding investors is not easy but they may be found in the newspaper, word-of-mouth or through accountants or lawyers.

Government Grants - Grants are usually geared towards exporting, high technology, manufacturing firms or training programs. Grants for small businesses are generally not available

If you need more money than the personal equity you have mustered up then it may be time to look at lending agencies such as banks.

HOW BANKS DECIDE WHO GETS A LOAN

All banks and lending officers use a standard process for reviewing loan applications. The decision is based on the 5 C's of lending.

Credit History: They look at your credit history and payment record.

Collateral: Assets you have that you can use as security to guarantee repayment of the loan.

Character: Your personal attributes including your work history and length of time at a residence.

Capacity: How much are you able to borrow.

Cash: How much of your own money are you contributing.

When dealing with banks make sure your business plan is complete. Be honest and up-to-date, the bank/credit union will check much of the information.

TYPES OF LOANS

Banks and other lenders may offer many different loan packages, but in reality all loan packages fall into one of three main types.

Term Loans: Are given to buy "hard" assets such as equipment and property. They are "term" loans because they are repaid over a set period of time (loan term). Term loans may be as short as 6 months or as long as 25 years (i.e. mortgage). Interest rates can be fixed for the loan term or can vary with the lender's prime lending rate. In some cases there may be a penalty for repaying before the end of the term.

Demand Loans: Are payable on demand by the lender. Most small business loans are demand loans. Interest rates are given at the lenders prime interest plus a percentage above that rate.

Line of Credit: Is a short term loan to meet short term operating expenses such as inventory, accounts payable or advertising expenses. Lines of credit operate on a revolving basis - similar to most credit cards. You borrow depending on your needs up to a maximum limit. Lines of credit are usually only given to stable businesses with a track record. Before you are going to be eligible for a loan of any kind, a lender will want to see what market research you conducted in order to assume market viability sales projections.