Community Futures Shuswap

Writing a business plan

What goes in it, how to test the idea behind it, and how to build the numbers that carry it.

BUSINESS PLANNING

Community Futures Shuswap

September 2026

General guidance, not professional advice

Community Futures Shuswap

What's in here

Read it in order the first time, then use it as a reference while you write.

Section one — Before you write PAGES 2–5
Why the plan is worth the time, and how to test the idea first.

Section two — The plan, section by section PAGES 6–13
The standard outline, from the cover page to the supporting documents.

Section three — How the business runs PAGES 14–19
Operations, production, marketing, competition and pricing.

Section four — Your numbers PAGES 20–28
Sources and uses, balance sheet, profit and loss, cash flow and break-even.

Section five — Reference PAGES 29–31
Questions about the numbers, and a glossary.

Is your plan finished? PAGES 32–33
A last read-through, and what to do with the plan once it is written.

What this document is, and is not

This is a guide to writing a business plan. You do not need to be borrowing money to use it, and nothing in it is an application for anything.

If you are also applying for financing, ask our office for the **Business loan application guide**. It covers what to submit and how applications are assessed. The plan you write from this document is the centre of that application.

There is a companion **Business plan template** with the same questions and room to write the answers. Ask our office for a copy.

Questions at any stage: call **250.803.0156** or email **info@futureshuswap.com**.

SECTION ONE

Before you write

Two things come before the document: being clear why it is worth writing, and being honest about whether the idea survives contact with the questions. Both are quicker than the plan and both save more time.

3 Why this is worth the time

4 Test the idea before you write it up

5 The short version, if you want a draft this week

Why this is worth the time

A business plan is the cheapest place to find out whether a business works. Everything it costs you here is paper and a few weeks.

Every step of planning a business carries its own research. Some steps take longer than others, some need a subject-matter expert, and some ask you to look hard at whether the concept works at all — whether it pays you what you need it to pay you.

Say this part out loud at the start: not every good idea becomes a viable business concept, and not every viable concept becomes a successful business. Writing the plan is when you test that. It is the cheapest place to find out.

So be hard on the concept. Measure what you find against what you set out to achieve, and if the numbers do not add up, go and get better information or approach the idea another way.

Not launching is a result, not a failure

Deciding not to launch a concept that did not survive the plan is not a failure. It is the plan doing its job, and it has just saved you a year and your savings.

You do not have to do it alone

There is a lot of excitement in starting a business, and the steps can feel like extra things piled on top of it. Our job is to give you the tools and the people, so the decisions you make are well informed ones.

Come and talk to us at any point — before you start writing, halfway through, or when you think you are finished. There is no fee, and you do not have to be borrowing money from us.

Failing to plan is planning to fail. Take the time to plan for your success.

Test the idea before you write it up

Six questions worth answering honestly before you spend a month on the document. A plan written to justify a decision you have already made is not worth writing.

A market, or an audience?	People telling you it is a great idea is not the same as people buying it. Find the ones who have paid for something like it before, and ask them what they paid.
Can it carry your price?	Work backwards. What do you need to earn, what margin does that take, and what does that make the price? If the market will not pay it, that is the answer.
What about the quiet months?	A good many Shuswap businesses make most of their money between May and September. That is normal here. What is not survivable is finding out in November.
Who has tried this here?	If nobody has, find out why. If somebody has and stopped, find out why. Either answer is worth more than a week of desk research.
What are you giving up?	The wage you are not earning somewhere else is a real cost of the business. Put it in the numbers, or the numbers are not true.
How could this fail?	Write that list down. If you cannot think of anything, you have not looked yet.

You are ready to start writing if

- [ ] You can describe the business in two sentences, and what makes it different in one more.
- [ ] You know what you will sell, to whom, and roughly at what price.
- [ ] You can name three businesses a customer would go to instead of you.
- [ ] You know what it costs to open the doors, to the nearest thousand dollars.
- [ ] You know where the money to open them is coming from.
- [ ] You have someone — not a relative — who will tell you honestly what they think of the idea.

Community Futures Shuswap

The short version, if you want a draft this week

Eight sections and nineteen questions. Answer them in rough and you have the skeleton of a plan by Friday. The rest of this guide is how to turn that into the finished document.

1	**Your business idea** In a few sentences, summarize your business or business idea.	2 QUESTIONS
2	**Management** Do you or your partner have past experience owning or running a business? If yes, give details.	2 QUESTIONS
3	**Target market** Who is your target customer? Describe their characteristics — age, income, the geographic area they live in, buying patterns, trends.	4 QUESTIONS
4	**Operations** Do you have, or need, any specific equipment to operate your business?	2 QUESTIONS
5	**Production** What steps are required to make your product or provide your service?	2 QUESTIONS
6	**Marketing** What steps are involved in selling your product or service?	3 QUESTIONS
7	**Finances** What price will you charge, how did you decide on this price, and how does it compare with your competition? Will customers think this is a fair price?	2 QUESTIONS
8	**Anything else** Include any other information you think is relevant that this template has not asked you for.	2 QUESTIONS

The companion **Business plan template** sets out all of them with room to write the answers. Ask our office for a copy.

SECTION TWO

The plan, section by section

The standard outline. Answer what applies to your business and leave out what does not — a two-person service business does not need what a manufacturer needs.

7	Why write a business plan at all
8	Getting started
9	The business, and where it sits
10	Running it
11	Your market
12	The numbers, and what backs them up
13	Buying an existing business

Why write a business plan at all

Every venture benefits from one, whether or not anyone is lending you money. A business plan does three jobs at once.

It makes you think	Writing it helps you consider your options and anticipate the difficulties before they arrive, rather than after.
It convinces a lender	It shows a lender or an investor that you are in control of the project and that their money is safe with you.
It runs the business	Afterwards it becomes an operating guide — it helps you measure how your business is performing.

How to use the outline that follows

The pages following are a standard business plan outline. Answer the questions that apply to your business and skip the ones that do not — a plan for a two-person service business does not need what a manufacturer needs. The finished plan should fit your circumstances and sound like you, not like a template.

Write your own plan. You may want help from a mentor, a colleague or a consultant on particular sections, and our office will talk any of it through with you. But you are the expert on your own business, and it reads that way when you have written it yourself.

We caution entrepreneurs about using AI tools to develop your business plan.

If your business is seasonal

Plenty of Shuswap businesses make most of their money between May and September. That is not a problem — it just means your plan looks different from a year-round one, and we read a good many of them.

Let the season show in both the narrative and the numbers. The projections should rise and fall the way your year actually does, with a short footnote saying why. What we look for is that the quiet months have been planned for, not that they do not exist.

Getting started

Cover and title page

The business name, address and phone number on the cover. On the title page, repeat those and add the names and addresses of the principal owners, the date of issue, and a copy number so you can keep track of who has which version.

Table of contents

One page. Major headings with page references — add it last, once the pages have stopped moving.

Executive summary (write this last)

One page, no more. Write it last, put it first. It sets the stage for everyone who reads the plan, and it keeps you on track while you work.

- What the plan is for: an operating guide, a financial proposal, or both.
- How the business is structured: proprietorship, partnership or corporation.
- Who the principals are and how ownership is divided.
- Who is asking for money, how much, and what it is for.
- How the loan will be repaid, and what security is offered.
- Why the business makes sense — the effect on the local economy, jobs created, and what it builds in the community.

The business, and where it sits

Description of the business

What you actually do, in language someone outside your industry can follow.

- The type of business: retail, service, manufacturing, or a combination.
- The nature of your product or service, and what makes it different from the others.
- The market you intend to serve, the total size of it, and the share you expect. Back the projection with research, and put the research in your supporting documents.
- How you will serve that market better than your competition.
- Whether this is a start-up, an expansion, or the purchase of an existing business.
- Any contract work and its terms. Reference firm contracts and attach them.
- Letters of intent from customers and from suppliers. Discuss them here, attach them at the back.

Business location

Where the business sits and why that is the right place for it.

- The address, and the reason you chose it.
- Whether you lease or own, and the terms and length of any lease.
- Renovations needed and what they cost. Include the quotes.
- The character of the neighbourhood: stable, changing, improving or declining.
- What other businesses are nearby.
- How much you can grow before you outgrow the space.

Running it

Licences and permits

The approvals you need before you open the doors, how long they take to acquire, and what they cost.

- Whether your business name is registered with the Registrar of Companies.
- Which body administers the zoning that applies to you, and how that zoning affects your operation.
- Every other licence and permit you need, with costs in your supporting documents.

Management

The people running the business.

- Your business and management experience.
- Your education, formal and informal, that contributes to running a business.
- Direct operational or managerial experience in this type of business.
- Your organizational structure and who does what. Add a chart if it helps.
- Proposed salaries and wages.
- The other resources you can call on: an accountant, a lawyer, our office, a mentor.

Personnel

A paragraph or two, if you will have staff.

- What your personnel needs are.
- The skills employees must have.
- Whether part-time help can absorb changes in volume.
- Training you will have to provide, and what it costs.

Insurance

Describe the risks the business carries and the coverage you will buy against them. Include two or three quotes in your supporting documents.

Your market

Market

Who needs what you sell, and how you plan to reach them.

- The present size of the market and its growth potential.
- The share you will hold now, and later.
- Who your customers are: age, occupation, income, lifestyle, where they live.
- How you will attract them and keep them — through quality, price, public relations or personal selling.
- The features or service that justify your price.
- How you will handle credit sales, and what that costs you.

Competition

Be specific and be honest. A plan that claims no competition reads as a plan that has not looked.

- Who you are competing with.
- Your top three or four competitors, and their strengths and weaknesses against yours.
- The opportunities that analysis opens up.
- The threats that exist, and how you will be ready for them.
- Your unique selling proposition, and how you will use it to hold market share.

The numbers, and what backs them up

Financial data

The numbers that carry the plan. Each one is set out below, and the workbook works through them in detail.

- A source and application of funds statement.
- A capital assets list.
- A break-even analysis.
- A projected income statement: by month for year one, by quarter for year two, with notes on your assumptions.
- Cash flow projections on the same basis, with the same notes.
- A projected balance sheet with notes.
- For an existing business: income statements, balance sheets and tax returns for the past three years.

Supporting documents

Everything that backs up a claim you made in the body of the plan.

- Personal resumes for all principals.
- Personal financial statements for all principals.
- Letters of reference.
- Letters of intent from suppliers or customers.
- Copies of leases, contracts, agreements, deeds and other legal documents.
- Any market research that answers a question the Loan Committee is likely to ask.

Buying or buying into an existing business

Skip this page if you are starting from scratch. If you are not, these questions get asked, and a plan that answers them before we ask reads as a prepared one.

- The history of the business.
- Why the owner wants to sell now.
- If the business is going downhill, why — and how you will turn it around.
- How your management will make it more profitable.
- The changes you plan to make.
- The purchase price formula, broken down: building, improvements, equipment, inventory and goodwill.

The question behind all of them

Why is the person who knows this business best choosing to leave it? There are valid answers — retirement, health, a move, a different opportunity. There are also answers that should give you pause. Find out which one you are dealing with, and say so in the plan. A buyer who has diagnosed a declining business and has a specific plan to turn it around is a stronger applicant than one who has not noticed the decline.

Get the price broken down

A single purchase price tells a lender nothing. Show the formula: what portion is the building, what portion is improvements, equipment and inventory, and what portion is goodwill. Goodwill is the part we will ask you to justify, because it is the part that cannot be sold if the business does not work.

We can help you value it

If you need help valuing or assessing an existing business that is for sale, reach out to Community Futures. It is the kind of question our office is here for, and it is better asked before you agree a price than after.

SECTION THREE

How the business runs

The outline tells you what sections a plan has. This section is the material that most often goes missing from them: how the work gets done, who it depends on, who else the customer could buy from, and how you arrived at the price.

15 What it takes to operate

16 How the work actually gets done

17 How people find you

18 Your competition, and why people buy from you

19 Setting a price you can defend

What it takes to operate

Two questions, and both have to be answered before anyone believes your numbers: what you need to open the doors, and what permission you need to keep them open.

- Every piece of **equipment** you need, with a price against it, and whether you are buying new, buying used, leasing, or bringing in something you already own.
- The **premises**: what has to be changed before you can trade, what that costs, and who does it. Get the quotes in writing and attach them.
- Your **suppliers**, what their lead times are, and what terms they will give you on the first orders. Trade credit is financing.
- The **systems**: point of sale, booking, bookkeeping, payroll, and what each costs a month.
- What you will do when a **critical item breaks**. Repair, replace, rent, or stop trading.

Licences, permits, and how long they take

List every one that applies, what it costs, and how long it takes to get. The one with the longest lead time is the one that sets your opening date, so start it first.

- **Business name registration** with BC Registries, or incorporation.
- A **business licence** from every municipality or regional district you work in.
- **Zoning**: confirm the use is permitted at that address before you sign anything.
- **Health approvals** if you prepare or serve food, or provide personal services.
- **Building and sign permits** for anything structural, and anything on the outside.
- **Trade certification**, professional registration, or a licence specific to your industry.
- **Insurance** — not a permit, but no landlord or lender will let you open without it.

Start the long ones first

Fees and processing times change and differ between municipalities, so check with the authority that issues each approval. Zoning confirmation in particular takes weeks, so ask us before you sign a lease — that is the point at which a zoning problem stops being fixable.

How the work actually gets done

Write down how the thing gets made or delivered, step by step, including the boring steps. This is the section people skip because they do it in their head every day.

Once the steps are on paper, put a name against each one and a time against each one. Two things fall out of that immediately: what you can produce in a week, and which step the whole business depends on.

Capacity	How many units, jobs or customers can you handle in a day and in a week, at the staffing you have budgeted? Your sales projection cannot be larger than this number, and a surprising number of plans are.
Lead time	How long from order to delivery, and how much of that is out of your hands? If a supplier is eight weeks, your opening inventory has to be ordered eight weeks early and paid for before you sell any of it.
Quality and returns	What does a bad one look like, how would you catch it, and what does it cost you to put right? Build the allowance into the numbers rather than hoping.
Key-person risk	If one person, one supplier or one machine is in every step, that is the risk the plan has to answer. Name it, and say what you would do for six weeks without it.

If the answer to “who does it” is you, every time

That is a normal way to start and it is worth saying plainly rather than leaving it to be inferred. Say what happens to the business for six weeks if you are ill, and what you would have to put in place before you could take a holiday. A plan that has thought about it reads as a prepared one.

How people find you

Marketing in a plan is not a list of platforms. It is: who the customer is, where they already are, what it costs to reach them there, and how you will know it worked.

What you are actually selling	The result the customer gets, not the thing you hand over. Nobody buys a survey — they buy knowing where the property line is.
Where they already are	The channel that works is the one your customers already use. Find that first, then work out what it costs, rather than picking a channel and hoping they turn up in it.
What it costs in hours	A channel you cannot keep up is not a channel. Three posts a week for a year is about a working week of your time. Budget it, or choose something you can sustain.
How you will know it worked	Decide before you spend what you will count — enquiries, bookings, average sale, repeat customers — and write the number you expect beside it.

Put a number on it

Whatever you decide to do, it becomes a line in your projections. Write down the monthly figure and the hours a week, and carry both into the numbers. Marketing that only exists in the narrative tends not to happen.

Selling is a step, not an outcome

Write down the path from the first time someone hears of you to the moment they pay: how they enquire, who answers, how fast, what you quote, how they book, how they pay. Most businesses that lose customers lose them at a step nobody owns.

Your competition, and why people buy from you

Every business has competition, including the ones that say they have none. The question is never whether it exists — it is whether you have found it and worked out what you will do about it.

- Name your **three or four closest competitors**, with an address or a website against each.
- Include the ones **outside the region**: online sellers, and the drive to a larger centre.
- Include the **substitute**: what the customer does today instead of buying from anyone at all — does it themselves, goes without, or keeps the old one going.
- For each one, what they are **good at** and what they are **weak at**, from the customer's point of view rather than yours.
- What you will do **differently**, and whether a competitor could copy it by Friday. If they could, it is not an advantage, it is a feature.
- What you expect them to **do about you** once you open, and what you will do then.

Set it out so it can be read

A short table does this better than paragraphs: one row per competitor, with what they are good at, what they are weak at, and what you do about it. Three or four rows is enough. Put the research behind it in your supporting documents.

Count the competitors you cannot see from the street

In the Shuswap a customer's realistic alternatives include ordering online and driving to Kamloops, Kelowna or Vernon. Leave those out and you overstate your share of the market — and the sales projection inherits the error, which is where it starts to matter.

Setting a price you can defend

Three ways to arrive at a price. Most businesses need all three: one to set the floor, one to sanity-check it, and one to argue for the number you actually want.

Say in the plan which method you used, and why. “It is what everyone charges” is an answer, but it is a weak one if your costs are not everyone else’s.

Cost plus a margin	Work out what one unit or one job costs you, then add the margin you need. It is the safest floor to know, and a poor ceiling — it tells you nothing about what the customer will pay.
What the market charges	Price against the competitors you named. Easy to research, easy to defend, and it hands your pricing to businesses whose costs are not yours.
What it is worth to the customer	Price on the result: the money they save, the time they get back, the risk they avoid. It supports the highest price and it takes the most evidence.

Then check it

- [ ] The price covers the **variable cost** of one sale with something left over. What is left is what pays your rent.
- [ ] You know the monthly sales that **break even** at that price, and it is a number you can reach.
- [ ] The things people forget are in it: **card processing fees**, shipping, waste, warranty work, the sale that never gets paid.
- [ ] You know what a **ten percent discount** does to the volume you must sell.
- [ ] The price pays **you**, not only your costs.

If the price the market allows will not cover your costs

That is a finding, not a setback — it is what the plan is for. Three levers: raise the price and justify it, take cost out of each sale, or cut a fixed cost. If none of them moves far enough, the concept needs rethinking.

SECTION FOUR

Your numbers

Pay particular attention to this section. A complete set of financials is what turns a business plan into a document you can run the business from, and it is the part any reader tests hardest.

21 Sources and uses

22 Balance sheet

23 Profit and loss — January to June

24 Profit and loss — July to December

25 Cash flow is the one that catches people

26 Cash flow — January to June

27 Cash flow — July to December

28 Break-even

Sources and uses

One table, two sides, and they have to balance. It answers the first question any lender asks: what does this project cost, and where is every dollar of it coming from?

An illustration — your figures will differ

SOURCES	AMOUNT	%	USES	AMOUNT	%
Your own equity	$25,000	25%	Equipment and machinery	$65,000	65%
Loan — this application	$70,000	70%	Leasehold improvements	$20,000	20%
Other — grant, family, supplier	$5,000	5%	Working capital	$15,000	15%
Total sources	$100,000	100%	Total uses	$100,000	100%

What has to hold is that the two totals match and each column of percentages adds to 100.

Three things to get right

Know your own number	Be clear what funds you need and why. Ask yourself how long these dollars have to last before the business operates with no further funding.
Leave a margin	Allow for costs that come in higher than quoted. A contingency line is not padding, it is the difference between a shortfall and a manageable surprise.
Ask before you count on it	Tell us what each dollar buys. Some costs need a conversation before you build them into the plan — ask us early rather than after the quote is signed.

Balance sheet

What the business owns and what it owes, at one point in time. If your business already trades we need this. If you are starting up it is still worth doing, to show the assets and the cash you are opening with.

BUSINESS NAME:	YEAR 1	YEAR 2	YEAR 3
FIXED ASSETS			
Land and buildings			
Vehicles			
Computers			
Furniture			
Equipment and machinery			
Less accumulated depreciation			
Value of fixed assets			
CURRENT ASSETS			
Bank accounts			
Investments			
Cash on hand			
Accounts receivable			
Inventory			
Prepayments			
Total current assets			
Total assets			
LIABILITIES			
Credit cards			
Vehicle loan			
Equipment loan			
Mortgage			
Taxes payable			
Accruals			
Total liabilities			
Net assets — total assets less total liabilities			
EQUITY			
Opening balance			
Shareholder funds			
Retained earnings			
Drawings			
Total equity			

Net assets and total equity should agree. If they do not, something is missing on one side.

Profit and loss projection — January to June

Twelve months, month by month. Write down the assumption behind every number you cannot prove, and footnote it. A projection without assumptions is a guess with a decimal point.

BUSINESS NAME:	JAN	FEB	MAR	APR	MAY	JUN
REVENUE (SALES)						
Category 1						
Category 2						
Category 3						
Category 4						
Total revenue						
COST OF SALES						
Category 1						
Category 2						
Category 3						
Category 4						
Total cost of sales						
Gross profit						
EXPENSES						
Salaries and payroll						
Outside services						
Supplies						
Repairs and maintenance						
Advertising						
Car, delivery and travel						
Accounting and legal						
Rent and related costs						
Telephone, internet and utilities						
Insurance						
Taxes and interest						
Depreciation						
Other — specify						
Total expenses						
RESULT						
Net profit before taxes						
Income taxes						
Net operating income						

Profit and loss projection — July to December

BUSINESS NAME:	JUL	AUG	SEP	OCT	NOV	DEC
REVENUE (SALES)						
Category 1						
Category 2						
Category 3						
Category 4						
Total revenue						
COST OF SALES						
Category 1						
Category 2						
Category 3						
Category 4						
Total cost of sales						
Gross profit						
EXPENSES						
Salaries and payroll						
Outside services						
Supplies						
Repairs and maintenance						
Advertising						
Car, delivery and travel						
Accounting and legal						
Rent and related costs						
Telephone, internet and utilities						
Insurance						
Taxes and interest						
Depreciation						
Other — specify						
Total expenses						
RESULT						
Net profit before taxes						
Income taxes						
Net operating income						

Carry the second half onto the same assumptions as the first. If a number changes between June and July, say why.

Cash flow is the one that catches people

Profit and cash are not the same thing. A business can be profitable on paper for the year and still run out of money in March, and March is when it closes.

A sale invoiced in March and paid in June is March profit and June cash. Stock bought in February and sold in July is February cash and July profit. The cash flow projection is where those two timings are reconciled, month by month.

Do it monthly, for a full year	Quarterly averages hide exactly the problem you are looking for. Year two can be quarterly; year one cannot.
Write the assumption beside the number	Every figure you cannot prove needs a footnote saying where it came from. A projection without assumptions is a guess with a decimal point.
Include what you pay yourself	And any loan payment you already carry. A cash flow that works only because you took nothing out is not a cash flow that works.
Find the worst month	Then say what you would do about it: hold more opening cash, negotiate supplier terms, arrange an operating line, or change when you spend.

What the projection has to show

- ☐ The **opening cash** you actually have on day one, not the figure you hope to have.
- ☐ **Every month** of the first year. An average hides the month that breaks you.
- ☐ The money you take out **for yourself**, at a figure you could live on.
- ☐ Any **loan or lease payment** the business already carries, or will.
- ☐ A **closing balance that never goes below zero** — or, where it does, a written plan for that month.

The template on the next two pages

A full year, split across two pages so it fits at a readable size. Fill it in by hand or use it as the headings for a spreadsheet.

Cash flow projection — January to June

BUSINESS NAME:	JAN	FEB	MAR	APR	MAY	JUN
Opening cash balance						
CASH IN						
Sales — cash						
Sales — receivables collected						
Loan proceeds						
Owner injection						
Other						
Total cash in						
CASH OUT						
Purchases and materials						
Wages and payroll						
Rent and related costs						
Utilities and telephone						
Insurance						
Advertising						
Accounting and legal						
Vehicle and delivery						
Loan payment						
Owner's draw						
Taxes remitted						
Other						
Total cash out						
Net movement						
Closing cash balance						

Each month's closing balance is the next month's opening balance. If any closing balance is negative, the plan does not work yet — find the month and fix it.

Cash flow projection — July to December

BUSINESS NAME:	JUL	AUG	SEP	OCT	NOV	DEC
Opening cash balance						
CASH IN						
Sales — cash						
Sales — receivables collected						
Loan proceeds						
Owner injection						
Other						
Total cash in						
CASH OUT						
Purchases and materials						
Wages and payroll						
Rent and related costs						
Utilities and telephone						
Insurance						
Advertising						
Accounting and legal						
Vehicle and delivery						
Loan payment						
Owner's draw						
Taxes remitted						
Other						
Total cash out						
Net movement						
Closing cash balance						

Carry December's closing balance into year two. Year two can be quarterly rather than monthly.

Break-even

The point where total revenue equals total costs. No profit, no loss. Below it you are losing money; above it the business starts to pay.

Knowing the number tells you the minimum you have to sell each month to cover your expenses **and** your loan payment, and it tells you quickly whether your prices are high enough.

Fixed costs

Costs that stay the same whatever you sell.

Rent. Insurance. Your loan payment. Salaried wages. The accountant.

Variable costs

Costs that move with your sales.

Direct materials. Direct labour. Shipping. Card processing fees.

The formula, and what to do with the answer

Break-even = fixed costs ÷ (sales price per unit – variable cost per unit)

If the answer is higher than what you can realistically sell, you have three levers: raise the price, cut a fixed cost, or reduce what each sale costs you. Work out which one your market will actually allow before you finish the plan.

SECTION FIVE

Reference

The questions that come up most often when people reach the numbers, and the words a plan is expected to use.

30 Questions about the numbers

31 Glossary

Questions about the numbers

What is the difference between a bookkeeper and an accountant?

A bookkeeper records the transactions — receivables, payables, payroll — usually monthly. An accountant designs the system, interprets the results, and presents the statements in a form you can make decisions from.

What are start-up costs?

Everything you have to spend before you open: equipment, furniture, supplies and inventory, legal and accounting fees, advertising, deposits, labour, and improvements to the building.

What is an income statement?

A summary of revenue and expenses over a period of time. The difference between the two is your profit or loss.

What is a balance sheet?

A list of what the business owns and what it owes at one point in time. It is a snapshot, not a period.

What is break-even?

The point where total revenue equals total costs — no profit, no loss. Knowing it tells you the minimum you have to sell each month to cover your expenses and your loan payment, and still pay yourself.

What is the difference between a loan and equity?

A loan is repaid within a set time. Equity is what you contribute to the business yourself — cash, or equipment you own outright and bring in. Your own time and labour do not count toward it.

Do I need to register for GST?

If your gross revenues from taxable goods and services are over $30,000 a year, yes. Registering gets you a Business Number, which you also use for your other Canada Revenue Agency accounts.

Do I need a business bank account?

Most banks will ask for proof that you have registered with the Corporate Registry before they open a business account for you. Keep business and personal money separate from day one — it makes every statement you have to produce far easier.

Glossary

Accounts payable

Short-term amounts your business owes to creditors, suppliers and other vendors, including supplies and materials bought on credit.

Accounts receivable

Money owed to your business by customers for goods or services already delivered.

Assets

What the business owns. Current assets, such as cash and inventory, can be turned into cash quickly. Long-term assets, such as real estate or machinery, cannot.

Break-even

The level of sales at which total revenue equals total costs. Below it you lose money, above it you make money.

Business Number

The nine-digit Canada Revenue Agency number for your business. You use it for GST and for your other Canada Revenue Agency accounts.

Cash flow

The money actually moving in and out, by month. Different from profit: a sale invoiced in March and paid in June is March profit and June cash.

Contingency

A line in the budget for the costs that come in higher than quoted. Not padding — the difference between a shortfall and a manageable surprise.

Cost of sales

What it costs you to produce what you sold — materials and direct labour. Revenue less cost of sales is your gross profit.

Equity (in an asset)

The part of an asset you actually own: its present market value less what is still owing on it. See also owner investment.

Fixed costs

Costs that stay the same whatever your sales do — rent, insurance, your loan payment.

Goodwill

In a business purchase, the part of the price that is not a physical asset — the name, the customers, the reputation. It is the part you have to justify, because it cannot be resold.

Gross margin

Gross profit as a percentage of sales. The quickest single check on whether a price works.

Leasehold improvements

What you spend fitting out premises you do not own — walls, wiring, counters, signage.

Liabilities

What the business owes: loans, mortgages, credit cards, taxes payable, accruals.

Market share

The portion of the total market you expect to hold. Back the figure with research and put the research in your supporting documents.

Net worth

Total assets less total liabilities — what would be left if everything were sold and every debt paid.

Owner investment

The cash, and the equity in assets you own outright, that you put into the business yourself. Your own time and labour do not count toward it.

Sources and uses

A table showing where every dollar of the project comes from and what every dollar is spent on. The two sides must balance.

Target market

The specific group of people you are selling to, described closely enough that you could go and find them.

Unique selling proposition

The reason a customer chooses you over the alternatives, stated in one sentence you could defend to a stranger.

Variable costs

Costs that move with your sales — materials, direct labour, shipping.

Working capital

The cash a business needs to keep operating day to day: rent, wages, deposits, stock on the shelf.

Is your plan finished?

Not a rule — a last read-through. Work down it before you show the plan to anyone whose answer matters to you.

- [ ] Someone outside your industry has **read it** and can tell you what the business does.
- [ ] Every number that is a guess is **footnoted** with the assumption behind it.
- [ ] The **cash flow runs month by month** for a full year and no closing balance is negative.
- [ ] The sales projection fits inside what you can actually **produce or serve** at the staffing you have budgeted.
- [ ] You are **paying yourself** in the numbers.
- [ ] Your **competitors are named**, with strengths and weaknesses against each.
- [ ] Every claim that needs evidence has the evidence **attached** — quotes, leases, letters, research.
- [ ] The **executive summary is written last**, sits first, and fits on one page.
- [ ] The **licences and permits** are listed with costs and with how long each one takes.
- [ ] You have said what would have to **go wrong**, and what you would do.

If several boxes are still empty

That is the plan telling you which part is not finished, which is exactly what it is for. Go back to that section rather than writing around the gap — an empty box is a question a reader will ask you anyway.

What to do with it now

A plan that goes in a drawer has done half its job. These are the steps that get the other half out of it.

Put it down for a week	Then read it cold. The parts you skim over reading it back are the parts you have not worked out yet.
Have someone else read it	Not a relative. Someone who will tell you what does not make sense, and someone who knows the industry if you can find one.
Bring it to us	We will read it and talk it through with you. There is no fee for that and you do not have to be borrowing money. This is the kind of work the office is here for.
Re-do the numbers with what you learned	A plan that has not changed since the first draft usually means the first draft was not tested.
Then decide	Go, not yet, or not at all. All three are legitimate answers, and the third one has saved people their savings.
If you do need financing	Ask our office for the **Business loan application guide**. It covers what to submit, how applications are assessed, and what happens after you apply. The plan you have just written is the centre of it.

This guide is written to be readable and it is general guidance, not professional advice. Confirm anything to do with tax, law, licensing or insurance with the body that governs it, or with your accountant or lawyer.

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Every business here started as one idea.

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Growing communities one idea at a time.

Community Futures organizations are independent, locally-run and guided by volunteer boards. They actively support community-based economic development with a range of products and services aimed at creating diverse, sustainable rural communities.

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