What Is A Business Plan And Why Are They Important?

A business plan is a written document that describes in detail how a business is going to achieve its goals. A business plan lays out a written plan from a marketing, financial and operational viewpoint. Sometimes, a business plan is prepared for an established business that is moving in a new direction. – Investopedia.com

A business plan is a fundamental tool that any startup business needs to have in place prior to beginning its operations. Usually, banks and venture capital firms make the existence of a viable business plan a prerequisite to the investment of funds in a business. - Investopedia.com

The Process Of Creating A Plan Is The Most Beneficial Part Of Having One. It Requires:

- Market Research
- Critical thought
- Process development/logistics
- Financial planning
- SWOT Analysis (strengths, weaknesses, opportunities, threats)

The business planning process forces you to think about the critical steps necessary for you to proceed with your business goals. It is important to be objective and realistic when creating your plan.

There are different reasons for writing a business plan and this impacts how you formulate the plan.

1. For Yourself - This will be the most basic and simple form of a plan that verifies a market opportunity and demonstrates the ability to profit from it.
2. To Attract Partners - This will require additional detail to create buy-in from potential partners
3. For Investors - Prove ability to profit for investors
The Bare Minimum Business Plan Should Include:

Market Analysis:
• Breakdown of market segments, trends, competitors, market leaders, positioning, etc...
• Strategic Implementation Details:
• Value proposition, pricing strategy, competitive advantage, specifically how you plan to make a profit
• Financial Plan (3 years min.)
• Cashflow, balance sheet, profit/loss, breakeven analysis

Elements of A Complete Plan Include:

Executive Summary
• Summarizes all elements of the plan
• Appears first
• 1-2 pages
• Concise detail including all highlights
• Last thing you complete

Business Overview
• Description of the business
• History, structure
• Major Players
• Trends in Industry
• The Market
• Market Segment
• Products & Services
• The Competition
• SWOT Analysis (strengths, weaknesses, opportunities, threats)
• Competitive Advantage

Sales & Marketing Plan
• Customers
• Suppliers
• Advertising & Promotion
• Pricing & Distribution
Operating Plan
- Overview of day to day operations
- Business Physical Location
- Facilities
- Equipment
- Supply Chain
- Logistics

Human Resources Plan
- Understand number of employees
- Key responsibilities
- Required qualifications
- Hours of operation
- Performance assessment
- Training & Development
- Compensation

Action Plan
- A prioritized list of activities required to get the business operational
- The activities are consistent with the businesses goals and plans for growth.
- Activities include timelines

Financial Plan:

Cashflow Statement: Captures monthly inflows/outflows of cash in the business during an accounting period of usually one year.

Profit/Loss (Income) Statement: Shows revenues, expenses and net income of a business during an accounting period.

Balance Sheet: Lists all assets, liabilities and equity of a business at a certain point in time.

Break Even Analysis: Demonstrates when the businesses revenues equal its fixed/variable expenses.
Appendix

- Includes any relevant supporting documentation in a clear, well organized fashion.
- Examples:
  - Receipts
  - Bank statements
  - Realtor appraisal
  - Contracts
  - Inventories
  - Charts, tables

For further information please contact your Nova Scotia Department of Agriculture regional office:

https://novascotia.ca/agri/programs-and-services/regional-services/

Sydney – Cape Breton (902) 563-2000
Antigonish – Eastern (902) 863-7180
Bible Hill – Central (902) 893-6575
Kentville – Valley/South Shore (902) 679-6021
Cornwallis – Western (902) 638-2395