

# Business plan for Establishing a Quality Management Consulting Company in Saskatchewan, Canada



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# Background

## Section 1

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# Company Overview – Altus Quality Management Professionals

- Altus Quality Management Professionals is a professional management consultancy and training company that aims to provide businesses and organizations with the necessary expertise and tools to increase their profitability and efficiency.
- We are currently based in Romania and Spain and offer an efficient instructional design that yields results to help companies to grow and people improve their skills and knowledge.
- The mission is to responsibly increase sales while keeping in mind the needs of our employees and expanding our business to different parts of the world.
- At Altus, the team understands that every company requires competent business advice and ongoing training to help its staff members become more productive. With our expertise in recognizing organizational changes, creating strategies, and implementing them, we assist our clients in achieving their goals.

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# Company Services

Quality, Health, Safety & Environment	Six Sigma Belt Course	Quality Management	Internal Auditor Course	Business Continuity Management
<p><b>Quality:</b> The quality component of XXX involves implementing processes and systems that ensure that products or services meet or exceed customer expectations. This includes quality control, quality assurance, and continuous improvement processes.</p> <p><b>Health &amp; Safety:</b> The health component of XXX involves ensuring the health and well-being of employees and stakeholders. This includes implementing policies and procedures to promote a safe work environment,</p>	<p>Six Sigma Belt Course analyzes and solves quality problems and is involved in quality improvement projects</p> <p>The course is accredited from CIOE-CANADA (Canadian Institute of Organizational Excellence)</p> <p>It is widely used across industries, and it includes the utilization of a variety of business process improvement tools, including Statistical Process Control.</p>	<p><b>Quality Planning:</b> Developing comprehensive quality plan that includes quality objectives, processes and procedures.</p> <p><b>Training &amp; Execution:</b> Training programs for employees to implement quality standards and procedures.</p>	<p>Internal Auditor Course equips students with the necessary skills to carry out internal audits and deliver accurate, defensible, and value-adding audit reports</p> <p>The course has a strong process and continual improvement bias, suitable for those interested to learn about auditing</p> <p>Audit report writing, including feedback techniques.</p>	<p>The course provides participants with concrete solutions, strategies and insights into delivery of effective Business Continuity Management System.</p> <p>It uses tested processes and procedures in which participants will analyze risks and impacts to business operations.</p>

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# Keys to Success

## Maintaining and Expanding Client Base

- Maintaining and expanding the client base, by signing new clients after establishment in Saskatchewan, Canada.
- Providing reliable and affordable service to clients in the province which would help them achieve operational efficiencies in their business.

## Implementing Technology Updates

- Implementing technology updates necessary to remain on the cutting edge of services provided to clients.
- Technology will enable clients to receive faster services that are customized to their requirements

## Expanding Physical Assets

- Expanding Physical Assets such as equipment to accommodate sales growth projections.



# Proposed Location

- Altus Quality Management Professionals “Altus” is proposing to be located in Saskatchewan.
- The province has a strong Industrial base with Oil & Gas, Manufacturing and Agriculture sector being the backbone of its economy.
- Altus will be able to cater to the clients in these sectors and provide them with a reliable service.
- The Manufacturing sector of Saskatchewan makes up to 6.1% of the provincial GDP. In 2021, manufacturing shipments totaled \$13.5 Billion.
- Key Manufacturing clusters include Machinery, Transportation, and Industrial Equipment. These industries are a direct target market of Altus.
- The province is ripe for growth, and Altus believes that it will be able to provide employment opportunities for local residents as well as work with businesses to provide them with a range of services.



# Economic Outlook of Canada

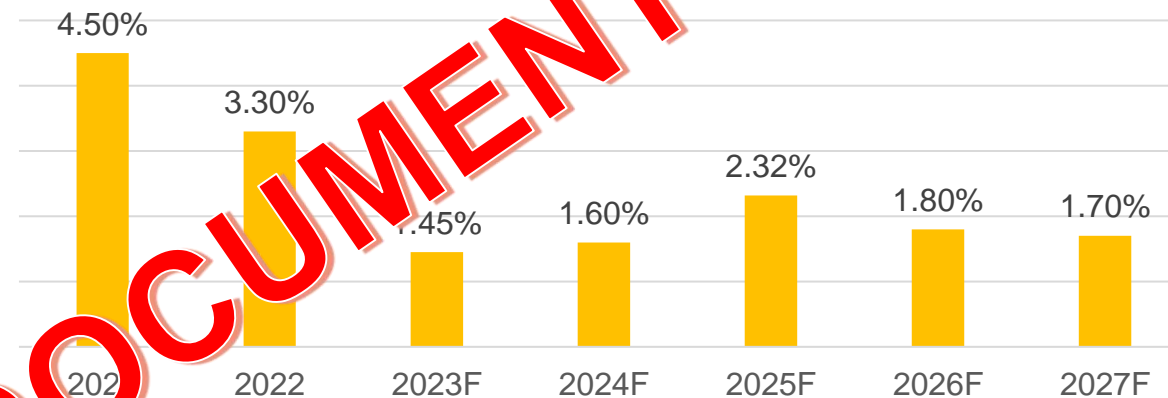
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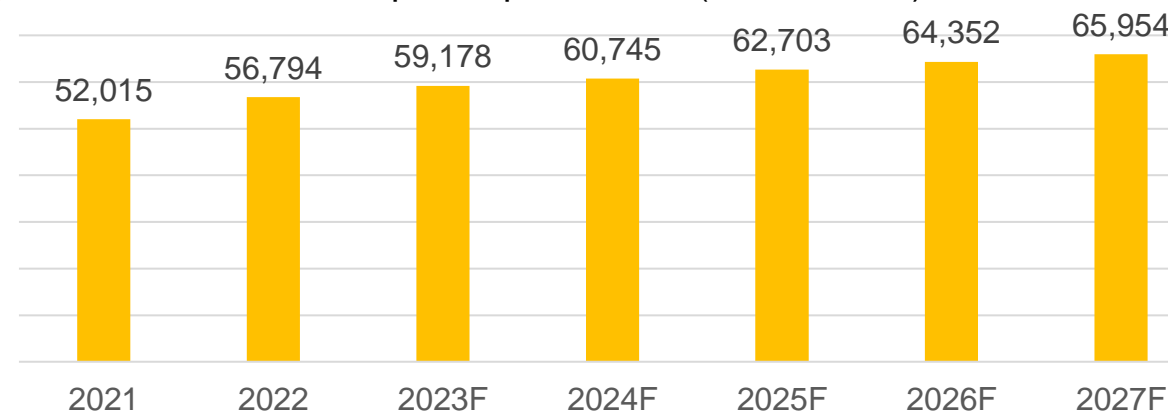
## Economic Snapshot

- In 2023, the Bank of Canada has tightened its monetary and fiscal policy in order to curb inflation. This has led to a decline in household spending, due to the rising Interest rates. As a result, the Real GDP growth rate in 2023 is estimated to be 1.45% which is down from 3.3% in 2022.
- Household spending was the main economic driver of growth in 2022, which accounted for 80% of the GDP growth. However, in 2023 households are expected to spend less and save more money.
- Due to the labor shortages in the real economy, it is expected that employment will remain strong and thus this will positively impact the economic growth from 2024 onwards due to the larger proportion of workforce in employment.

Real GDP growth Rate (Source: Statistica)



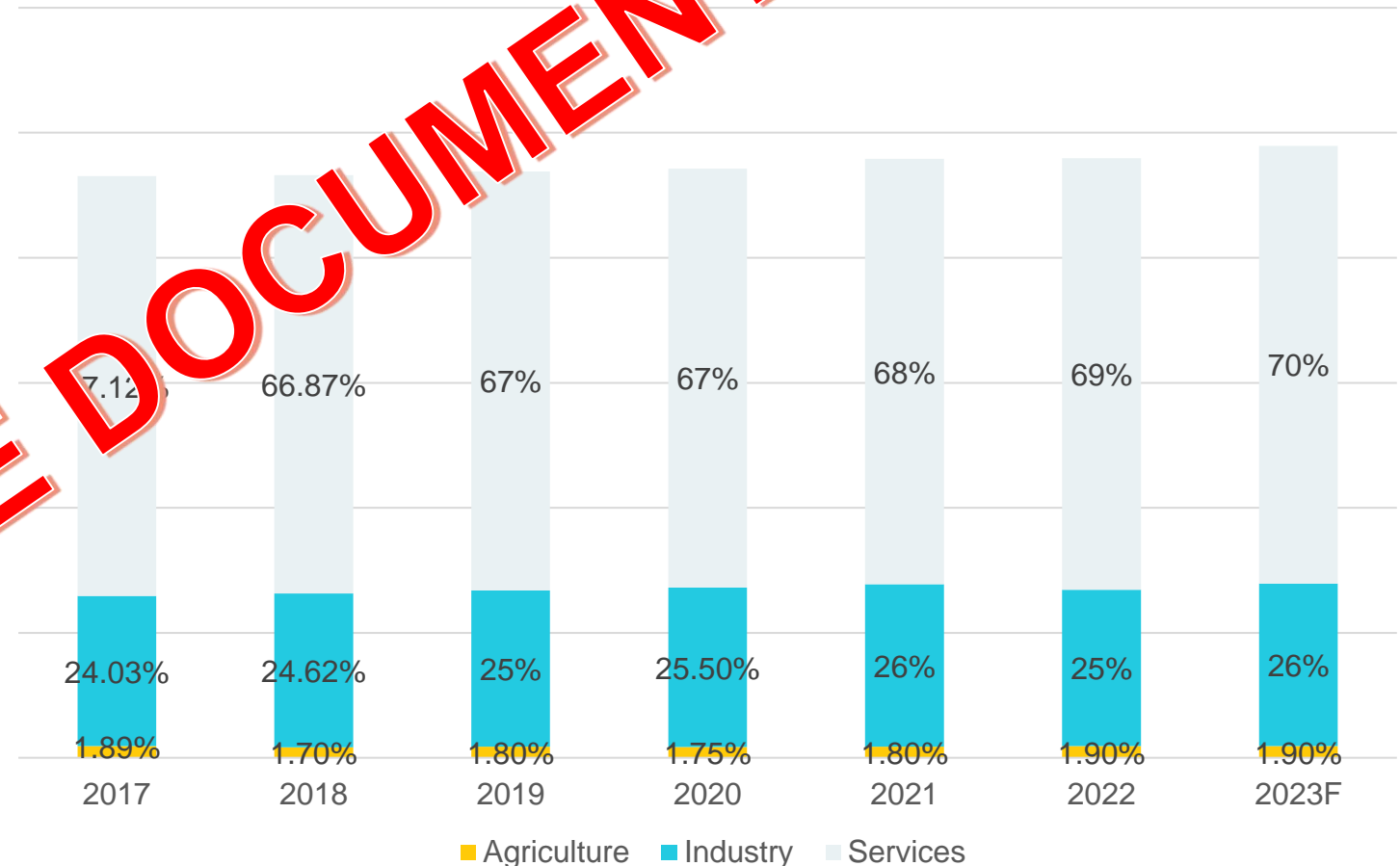
GDP per Capita in US\$ (Source: IMF)



# Distribution of GDP across Sectors

- Canadian GDP is highly skewed towards the services Industry as indicated in the chart. The services industry includes tourism, technology, food service, education and the government.
- The services sector is expected to further grow in 2023 as more business opportunities exist in the sector.
- The government provides grants to new businesses in the services sector which help support their growth objectives in the long term.

Distribution of GDP Across Sectors (Source: Statistica)



# Gross Domestic Product Forecast

- The Canadian economy increased 3.0% year on year in January 2023.
- Real GDP from goods-producing industries was up 1.7% with faster gains in natural resources industries.
- The Utilities and Agriculture sector experienced a negative growth rate mainly due to the government's fiscal tightening policies.
- Overall, majority of the sectors of the economy experienced a positive growth rate that will benefit new businesses entering the economy.

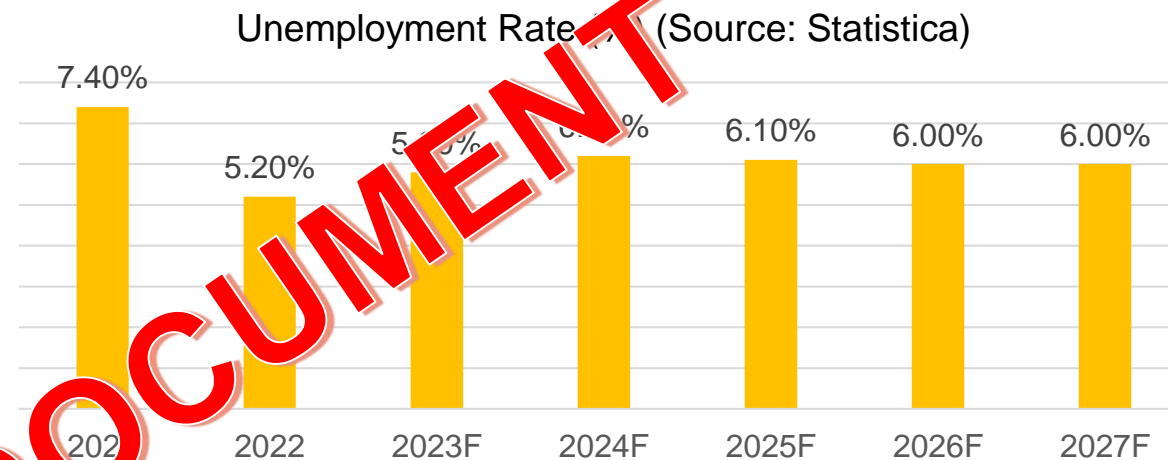
Industry GDP forecast	Jan 2023 vs Jan 2022
All Industries	+3.0%
Goods producing Industries	+1.7%
Agriculture, Fishing & Mining	-1.1%
Mining, Oil & Gas	+1.1%
Utilities	-1.8%
Construction	+0.7%
Manufacturing	+0.5%
Service-producing Industries	+0.6%
Wholesale	+1.8%
Retail	+1.0%
Transportation & Warehousing	+1.9%
Information & Culture	+0.2%
Finance & Insurance	+0.3%
Professional & Technical	+5.8%
Education	+3.4%
Accommodation & food services	+32.8%

Source: Statistics Canada

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## Employment Rate

- Unemployment rate is expected to be around 6.0% average during the forecasted period till 2027.
- Job creation has been the number 1 priority of the Canadian government while the average wages have also grown which has provided strong base to the Industry as new workers are motivated to join the Industry.
- Certain Industries such as warehousing, Information technology and professional services are expected to have a decline in unemployment rate.



# GDP Breakdown of Saskatchewan

- Saskatchewan is known for its rich natural resources, including potash, uranium, oil, and agricultural products.
- The province's economy is heavily dependent on these industries, and as a result, fluctuations in commodity prices can have a significant impact on the economy.
- The province's government has announced plans to invest in infrastructure, including highways, bridges, and hospitals, which could help to stimulate economic growth. Additionally, the province's mining sector is expected to benefit from rising demand for commodities, such as uranium and potash, as the global economy recovers.

GDP Breakdown of Saskatchewan (Source: Provincial Statistics)



# Consulting Industry of Canada

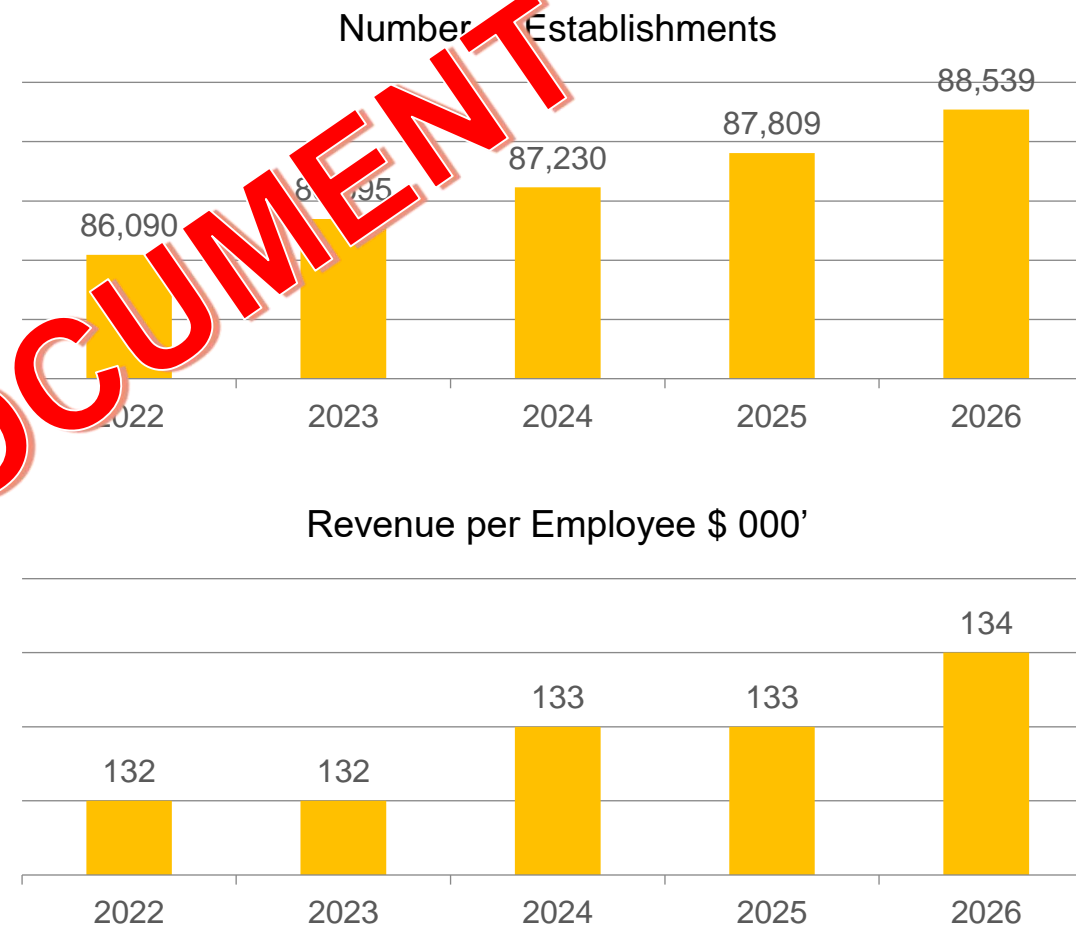
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# Management Consulting Industry

- The Management Consulting industry in Canada is composed of companies that provide consulting services to private businesses and the public sector.
- These advisory services are tailored to provide strategic, financial, marketing, operational and supply chain management consulting services
- Over the five years to 2027, industry revenue is expected to be affected by rising corporate profit and a growing economy after the coronavirus pandemic.
- Additionally, the largest companies in the industry are forecast to proceed by aggressively acquiring businesses to increase their range of services and market share, thus potentially increasing demand for industry services.

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# Management Consulting Industry by Province

Province	Establishments	Revenue	Revenue Growth Rate (%) 2016-2021	Establishments Growth Rate (%) 2016-2021
Alberta	14,324	\$2.5 Bn	0.45%	3.0%
British Columbia	15,004	\$2.7 Bn	1.1%	2.4%
Manitoba	1,449	\$257.4 Mn	0.01%	-1.0%
New Brunswick	570	\$101.2 Mn	-1.68%	-2.5%
Newfoundland	437	\$77.0 Mn	3.18%	2.1%
North-western Territories	47	\$8.0 Mn	-0.8%	-2.0%
Nova Scotia	990	\$176.0 Mn	3.71%	2.6%
Ontario	40,000	\$7.3 Bn	2.51%	1.4%
Quebec	1,000	\$2.5 Bn	3.2%	2.9%



# Management Consulting Industry by Location

## Ontario

- Ontario is estimated to comprise 43.2% of industry establishments in 2021, which is in line with population trends, as nearly 40.0% of the Canadian population resides in the region. Ontario has a large manufacturing sector, and also benefits from the high volume of financial services and banking businesses located in Toronto.
- Furthermore, the province has a large information technology sector that has continued to grow. Large and lucrative businesses similar to these frequently enlist the services of business coaches. Thus, industry operators often locate themselves near a diverse and large number of businesses. Ontario will likely remain the most populated province in Canada over the five years to 2026.

## British Columbia

- In 2021, British Columbia is expected to represent 17.6% of industry establishments and is projected to an estimated 14.0% of the Canadian population. The province is dominated by companies specialized in forestry and mining. Therefore, many business coaches with expert knowledge of these industries operate in the area.

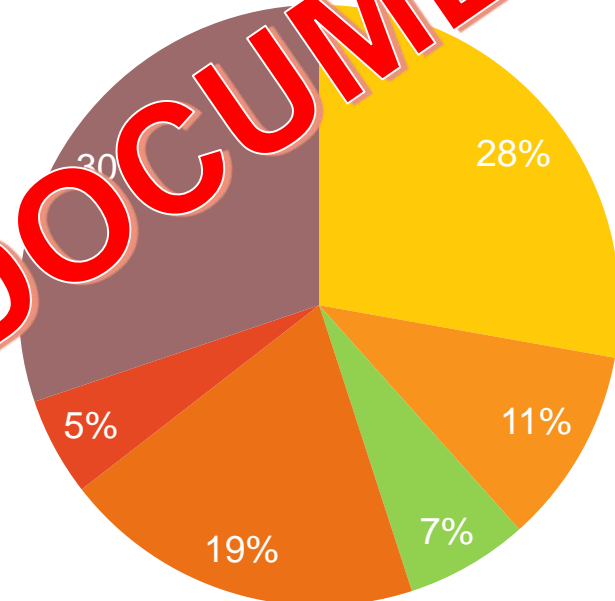
## Alberta & Others

- Alberta also contains a large number of industry establishments, accounting for 13.1% of establishments in 2021. The province has a large mining industry that ultimately attracts a large number of businesses. Additionally, Manitoba and Saskatchewan account for an estimated 2.5% and 2.3% of industry establishments, respectively, in 2021.

# Product & Service Segmentation

- Operators in the Canadian Management Consulting industry have a diverse range of clients, yet about 75.0% of the industry's business is derived from the business sector in 2022.
- Numerous businesses use management consulting services, as operational efficiency, strategic direction and financial advice are important in all sectors.
- Additionally, this industry provides services to governments, public institutions and nonprofit organizations, as well as individuals and households

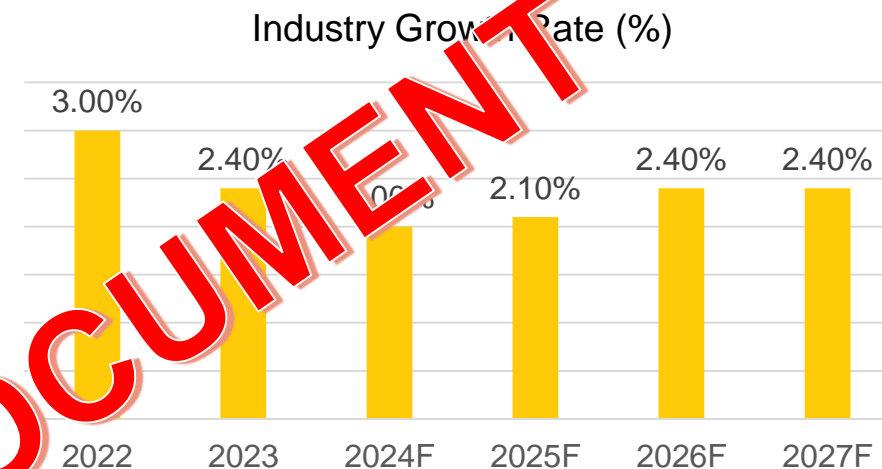
Product Segmentation of Consulting Industry



- Strategic Management Consulting
- Financial Management Consulting
- Marketing Management Consulting
- HR Consulting
- Operations Consulting
- Other Management Consulting

# Industry Future Outlook

- The Management Consulting industry in Canada is projected to expand at a faster rate over the five years to 2027 due to continued economic recovery after the COVID-19 (coronavirus) pandemic.
- Over the next five years, industry operators are expected to experience stable demand due to strong domestic economic conditions.
- As large companies continue to consolidate, small, specialized operators will likely enter the industry and provide services to niche industries.
- Consultants may continue to either develop specific knowledge of products and services for unique industries or expand their range of services to become a one-stop shop for major companies.



# Operations & Supply Chain Consulting

- We expect operations & supply chain consulting services to account for 5.3% of industry revenue in 2022, marginally increasing as a share of revenue over the past five years.

- This segment's services are focused on improving a business' operating structure by identifying organizational inefficiencies, in addition to providing guidance as to how a business can maximize its operating efficiency

- Such tasks often involve the reorganization of the business, either on a minor or massive scale, the provision of advice to companies enduring major changes, a fresh and independent review of a company's overall business model, creating a strategy for global expansion and identifying underperforming business segments.

- Quality assurance & training consulting falls under this segment in which the proposed business expects to operate**



# Demand Drivers for Operations & Supply Chain Consulting

**Demand Drivers**

The demand for Quality assurance solutions in Canada arises from the manufacturing industry which is one of the largest in North America

Many Industries in Canada have a regulatory requirement that mandates certain levels of quality assurance e.g. pharmaceutical sector must follow strict quality assurance procedures to ensure the safety and efficiency of the products

*The Quality Assurance Sector in Canada has grown significantly due to the increased regulatory requirements*



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Canadian businesses are recognizing the importance of having quality audits implemented for which they hire external consultants to perform the relevant assessments

# Breakdown of Demand by Sector for Operations & Supply Chain Consulting

<b>Manufacturing Sector</b>	<ul style="list-style-type: none"><li>The manufacturing sector is one of the primary industries that use ISO audits to ensure that their quality management systems meet the requirements of the International Organization for Standardization (ISO). ISO certification is particularly important in the manufacturing sector as it helps to ensure that products are produced to a consistent and high-quality standard</li></ul>
<b>Oil &amp; Gas</b>	<ul style="list-style-type: none"><li>The oil and gas sector is a highly regulated industry that operates in complex and hazardous environments. Quality assurance is essential in this industry to ensure that products and services meet the required standards and specifications</li></ul>
<b>Construction Sector</b>	<ul style="list-style-type: none"><li>Quality assurance is critical in the construction sector to ensure that buildings and infrastructure are designed and constructed to meet required safety and quality standards. Quality assurance services in the construction sector include testing and inspection of building materials and components, as well as validation and verification of construction processes</li></ul>

# Industry SWOT Analysis

S

Consultants possess strong knowledge and industry experience gained over the firm's seven-year existence.

The firm has made connections in the industry that can be leveraged for business growth.

O

The Canadian market has a need for the services provided by the firm.

More aggressive marketing techniques could draw in particular clientele and increase net profit margins.

W

Inability to manage the demands of multiple clients simultaneously.

Small competitors could collaborate to advertise, split overhead costs, or operate from various sites, posing a threat to the firm's market share.

T

A sizable rival could use aggressive pricing to undermine the firm's capacity to bring in new business and retain existing clients.

Small business clients may choose to avoid full compliance with government regulations, resulting in lost business for the firm.

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# Cost Structure Benchmarks – Consulting Business

## Section 4

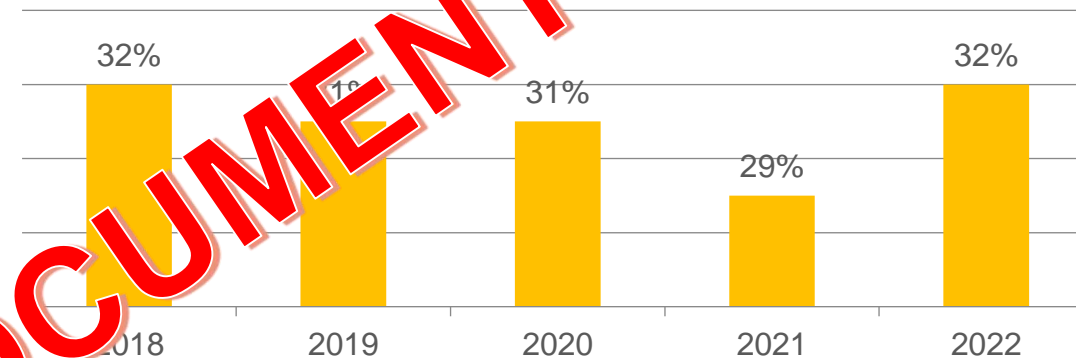
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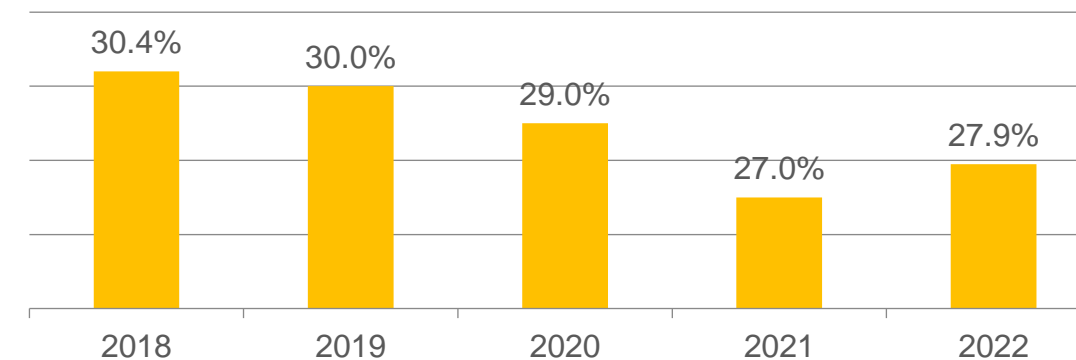
# Profit & Wages

- Industry profit, measured as earnings before interest and taxes, is expected to account for 31.7% of revenue in 2022, down from 32.3% in 2017. Industry services represent high value-add, as consultants require extensive education and experience to be able to provide advisory services
- Moreover, the COVID-19 (coronavirus) pandemic hindered profit performance in 2020 due to operators expensing employees to work remotely and a decrease in demand for industry services
- Industry wages are estimated to account for 27.9% of industry revenue in 2022. Industry employees typically have strong educational backgrounds and vast amounts of industry experience. Consequently, employees in the industry attract high wages to provide their skills on a consulting basis.

Profit as a % of Revenue



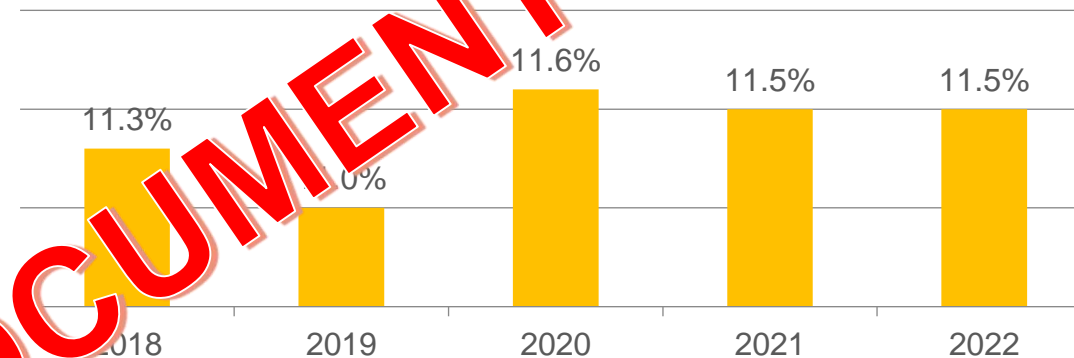
Wages as a % of Revenue



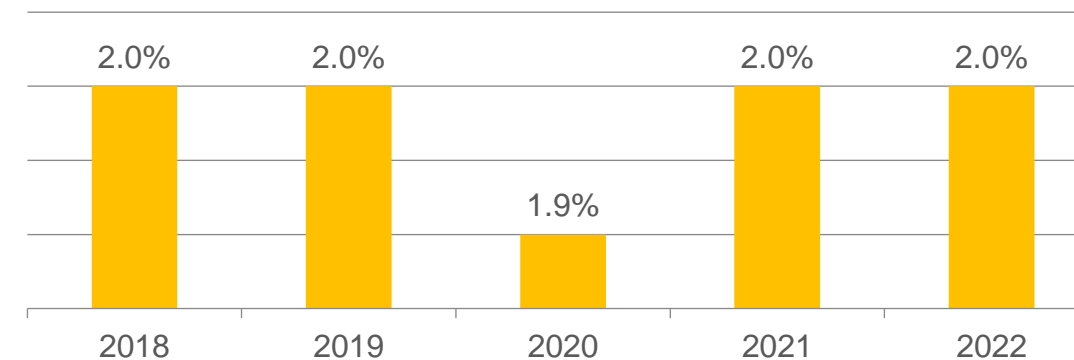
# Purchases & Marketing

- Purchase costs are estimated to account for 11.4% of revenue in 2022, unchanged over the current five-year period.
- Purchase costs include market research, data storage and other company intelligence used to understand business operations and external markets. Purchases are typically low, as consultants can rely on their educational background and experience to provide solutions to businesses rather than purchasing goods or services from other professionals.
- Marketing costs are expected to account for 2.0% of revenue in 2022. Marketing expenditures are primarily used to increase brand awareness and capture more lucrative clients.

Purchases as a % of Revenue



Marketing as a % of Revenue



# Market Sizing

## Section 5

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# Target Market

- The target market for the company is Saskatchewan-based businesses which fall in the small business and medium sized business category.
- There are around 39,884 small businesses in the province which will form the target market for the company, followed by 577 medium-sized businesses.
- Altus will try to achieve 1.0% market share in the first year of its operations which translates into 400 businesses out of the target market.
- Since there are only a few local companies offering services similar to Altus; it will be possible to achieve this target company.

Province/Territory	Small businesses (1–99 employees)	Medium-sized businesses (100–499 employees)
Newfoundland and Labrador	15,150	267
Prince Edward Island	5,101	99
Nova Scotia	28,899	534
New Brunswick	24,097	437
Quebec	249,480	5,158
Ontario	437,891	8,930
Manitoba	39,192	806
Saskatchewan	39,884	577
Alberta	155,467	2,835
British Columbia	187,186	2,970
Territories	3,901	87
Canada	1,187,658	22,700

Source: Statistics Canada

# Target Market by Industry in Saskatchewan

- The top sectors targeted within the small business segment will be Construction, Manufacturing and Mining & Oil.
- The table on the right illustrates the Industry composition in the province by sector for Small businesses.
- These industries will be vital for the company's success and it will be targeting all these industries.

Industry Distribution	Small businesses (1–99 employees)
Agriculture	26.5%
Mining and Oil	1.5%
Manufacturing	1.2%
Construction	7.9%
Utilities	0.1%
Transportation & Warehousing	4.4%
Wholesale, Trade & Retail	7.3%
Finance, Insurance & Real Estate	19.0%
Education	0.7%
Health & Social Services	5.2%
Accommodation & Food	2.6%
Business Services	9.1%
Other	14.6%

Source: Statistics Canada

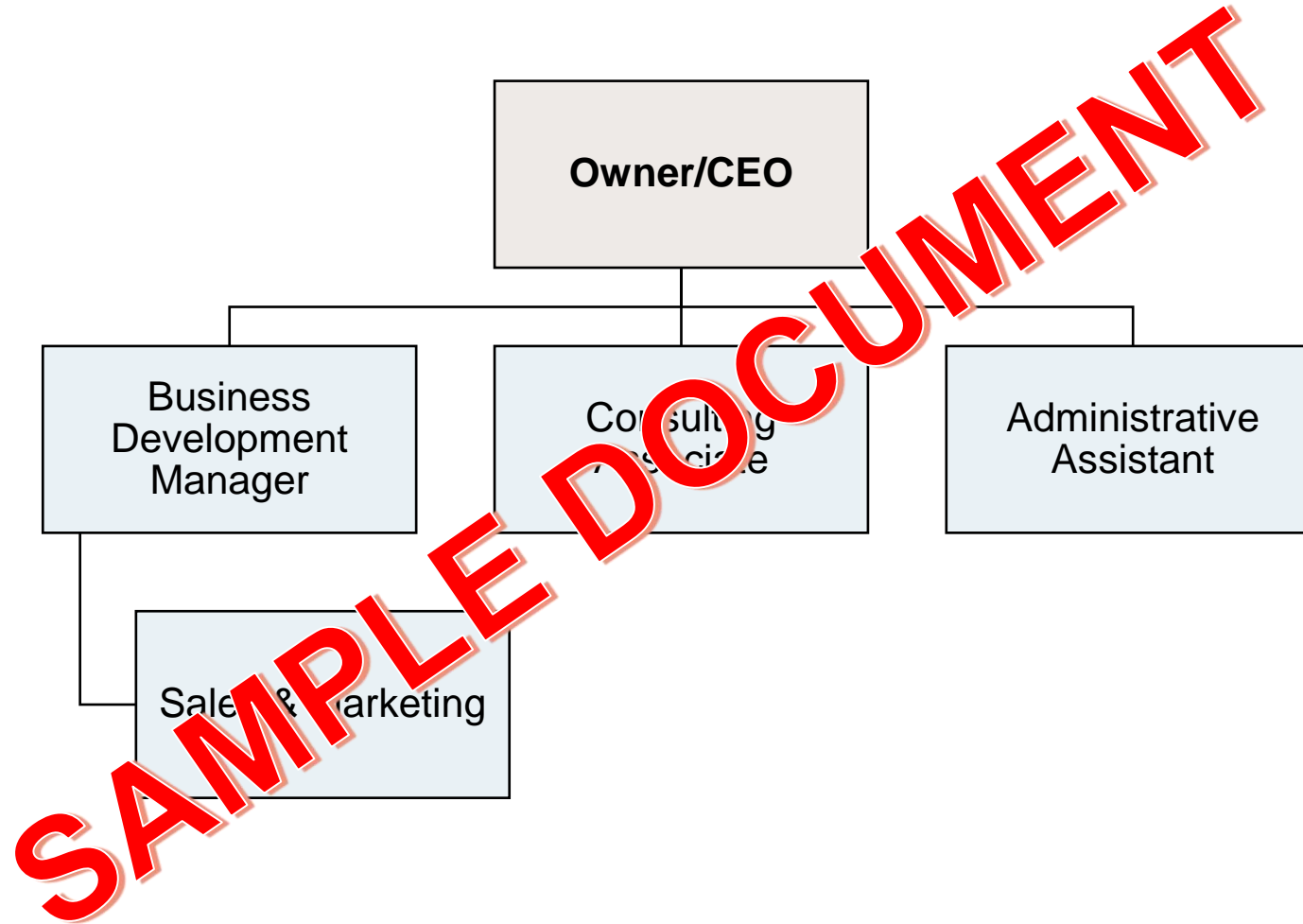
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# Human Resources Plan

## Section 6

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# Organizational Structure



# Staffing Requirements and Salaries

NOC	Staff	Approx. Yearly Salary (CAD)
0013	CEO/Owner	100,000
4163	Business Development Manager	80,000
0124	Sales & Marketing Analyst	60,000
1122	Consulting Associate	60,000

Salaries are in line with the current average wage rates in Canada which are provided by the government statistics.

The business is highly dependent on the business development manager who will ensure leads are converted to customers and a healthy pipeline of projects is maintained.



# Scalability Plan

Staff	Months 0 – 12	Year 2	Year 3	Year 4	Year 5
CEO/Owner	1	1	1	1	1
Business Development Manager			1	1	1
Sales & Marketing Analyst			2	3	4
Consulting Associate	1	1	1	2	3
<b>Total</b>	<b>2</b>	<b>4</b>	<b>5</b>	<b>7</b>	<b>9</b>

# Employee Responsibilities

Position	Responsibilities
CEO/Owner	<ul style="list-style-type: none"> <li>• Determine the company's vision and strategic direction and convey it through policies and objectives</li> <li>• Oversee daily operations for the organization.</li> <li>• Ensure the creation and implementation of a strategy designed to grow the business.</li> <li>• Oversee key hiring and talent development programs.</li> <li>• Communicate strategy and results to the employees.</li> <li>• Assure all legal and regulatory documents are filed and monitor compliance with laws and regulations of Canada</li> <li>• Responsible to create the mission and vision of the company</li> <li>• Responsible to create all the departments</li> <li>• Allocate material, human and financial resources to implement organizational policies and programs; establish financial and administrative controls; formulate and approve promotional campaigns; and approve overall human resources planning</li> <li>• Select middle managers, directors or other executive staff; delegate the necessary authority to them and create optimum working conditions</li> </ul>

## Employee Responsibilities (Continued)

Position	Responsibilities
Business Development Manager	<ul style="list-style-type: none"><li>• Coordinate and supervise with outsourced digital marketing firm and ensure sufficient marketing is done.</li><li>• Supervise marketing activities and ensure a strong pipeline of projects throughout the year.</li><li>• Attending conferences, meetings and industry events.</li><li>• Developing quotes and proposals for clients.</li><li>• Developing goals for consulting team and business growth and ensuring they are met.</li><li>• Negotiating with stakeholders</li><li>• Researching business opportunities and viable income streams</li><li>• Following Industry trends</li><li>• Reporting on areas of improvement to the CEO</li><li>• Increasing client base through active marketing initiatives</li></ul>

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# Employee Responsibilities

Position	Responsibilities
Sales & Marketing Analyst	<ul style="list-style-type: none"> <li>• Collecting and analyzing sales and marketing data</li> <li>• Creating reports and dashboards to visualize and communicate data insights to stakeholders</li> <li>• Developing and monitoring KPIs (Key Performance Indicators) to measure the effectiveness of marketing campaigns and sales strategies</li> <li>• Conducting market research to understand customer needs and preferences</li> <li>• Collaborating with cross-functional teams to develop and execute marketing and sales plans</li> <li>• Identifying opportunities for process improvement and optimization based on data analysis</li> <li>• Keeping up-to-date with industry trends and developments in sales and marketing technology</li> </ul>
Consulting Associate	<ul style="list-style-type: none"> <li>• Developing and implementing quality management systems, policies, and procedures</li> <li>• Conducting audits to assess compliance with quality standards and regulations</li> <li>• Analyzing and interpreting data to identify areas for improvement in quality management systems</li> <li>• Providing guidance and training to staff on quality management systems and procedures</li> <li>• Creating and maintaining documentation and records related to quality management systems and procedures</li> <li>• Collaborating with cross-functional teams to develop and implement quality improvement initiatives</li> <li>• Conducting risk assessments and developing risk management strategies</li> <li>• Providing expert advice on quality assurance and regulatory compliance issues</li> </ul>

# Employee Skill Requirement

Position	Skill Requirement	Qualification	Experience
Consulting Associate	<ul style="list-style-type: none"> <li>• Sound Knowledge of Quality assurance, Audit, Project Management &amp; Information technology.</li> <li>• Interpersonal and communication skills.</li> <li>• Problem solving and strategic planning ability</li> <li>• Commercial awareness and understanding of business environments.</li> </ul>	Masters degree in Finance Masters in Information Technology	5 years
Business Development Managers	<ul style="list-style-type: none"> <li>• Good communication skills and good interpersonal skills</li> <li>• Good business knowledge</li> <li>• Negotiation skills</li> <li>• Organizational structure</li> </ul>	Masters in Marketing	8 – 10 years

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# Staff Hiring Process

Job Descriptions	Advertising	Interview	Job Offer Letters
<ul style="list-style-type: none"> <li>Job descriptions will be made available before interviewing or advertising for the job.</li> <li>A legal contract with the potential employee will be set-up as well in advance to ensure it complies with Canadian regulations.</li> </ul>	<ul style="list-style-type: none"> <li>Jobs will be advertised on professional platforms such as LinkedIn and Indeed</li> <li>In addition, we will also advertise the job with local recruitment firms which have expertise in the financial sector.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews will be held in Canada and virtually on Zoom</li> <li>Approximately 20-30 applicants will be interviewed based on their educational and professional background</li> </ul>	<ul style="list-style-type: none"> <li>Job offer letters will be sent out to selected candidates and one weeks time will be given to them before they can accept the offer</li> </ul>

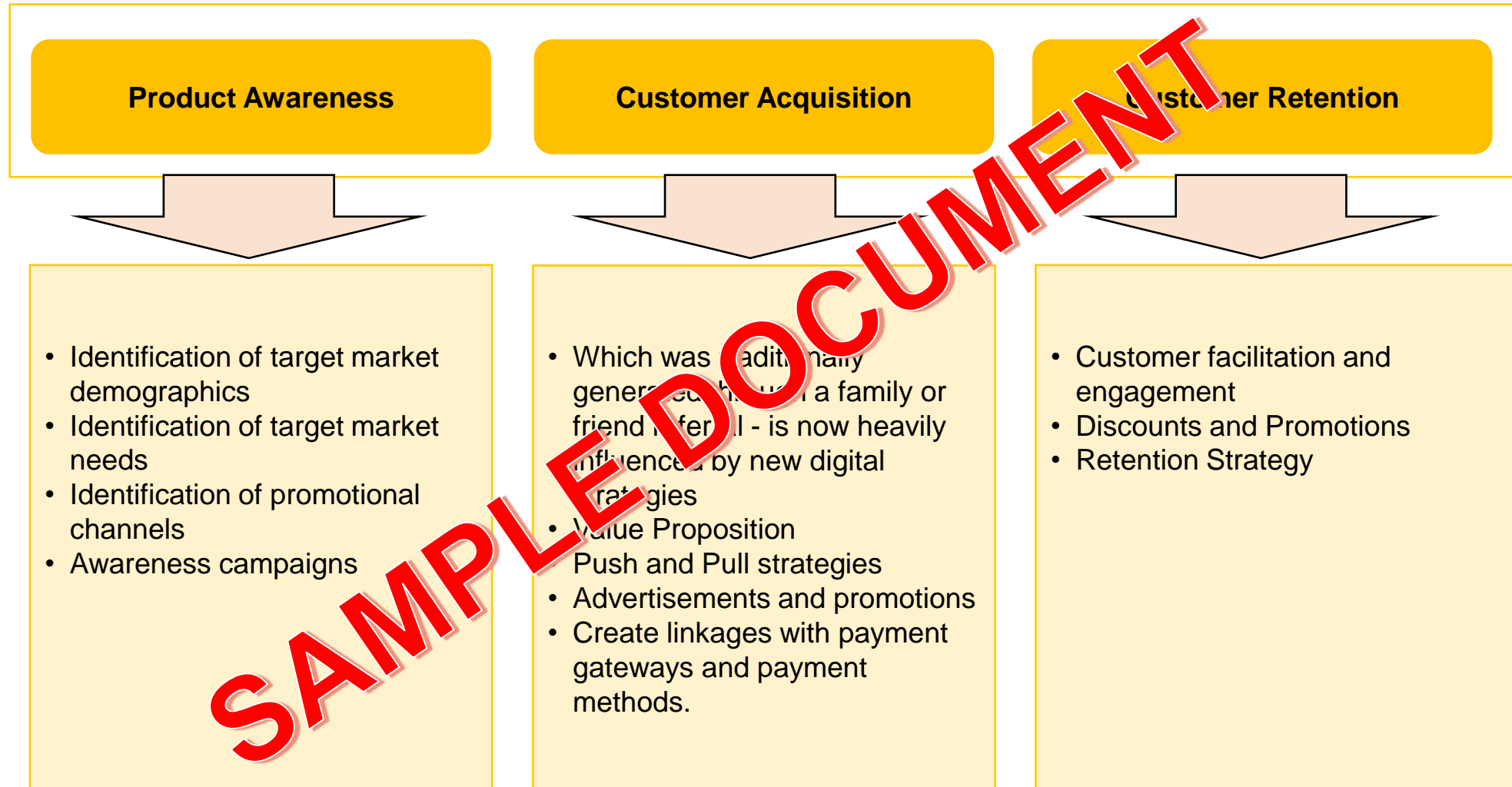
- Hiring will be done according to the Canadian regulations which means that it will be ensured that all potential employees have a SIN number. In addition, to this as Canadian nationals and permanent residents will be hired and thus it will be ensured that all potential employees fall under this category.
- As part of the process, a payroll deductions account will be opened with CRA. All employee records will be kept up to date and communication with CRA will be established.

# Marketing Plan

## Section 7

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# Key Components of Marketing Plan





# Product Awareness Overview



# Product Awareness – Digital Marketing

## Product Awareness

**Email Marketing:** Email marketing will be used which will include formal and informal messages sent to potential clients.

It will give clients a sense of personal connection that is preferable to a distant connection that is not very personal.

**SEO – Organic Traffic:** Search engine optimization will ensure the website of the company is at the top for search engines so that clients can easily find it. The goal is to obtain top ranking in search engines which will help to achieve potential business.

**PPC & Google Ads:** PPC ads stands for Pay-Per-Click advertisement. PPC ads can help target people who are actively searching for consulting services. These search ads will include company's contact information and appear at the top of Google search result pages. PPC ads can also be used to retarget those users using display ads that redirect them back to the website.

**Website Design:** Attractive website design will be developed that will give awareness to clients about the company's potential and its key services. The website will also have a live chat feature by which clients can directly communicate with the team members of the company.

# Product Awareness – Proposed Marketing Channels

**Key:**

**Cost:** How many resources does this channel consume? Best measure of the threshold to utilize this channel.

**Scale:** How much install volume can this channel drive compared to others? Best used as a measure of whether a channel can accomplish more aggressive goals or not.

**ROI:** Expected number of people reached over expenditure incurred in a marketing channel. Best used as a measure of efficiency of inputs.

<b>High</b>	
<b>Medium</b>	
<b>Low</b>	

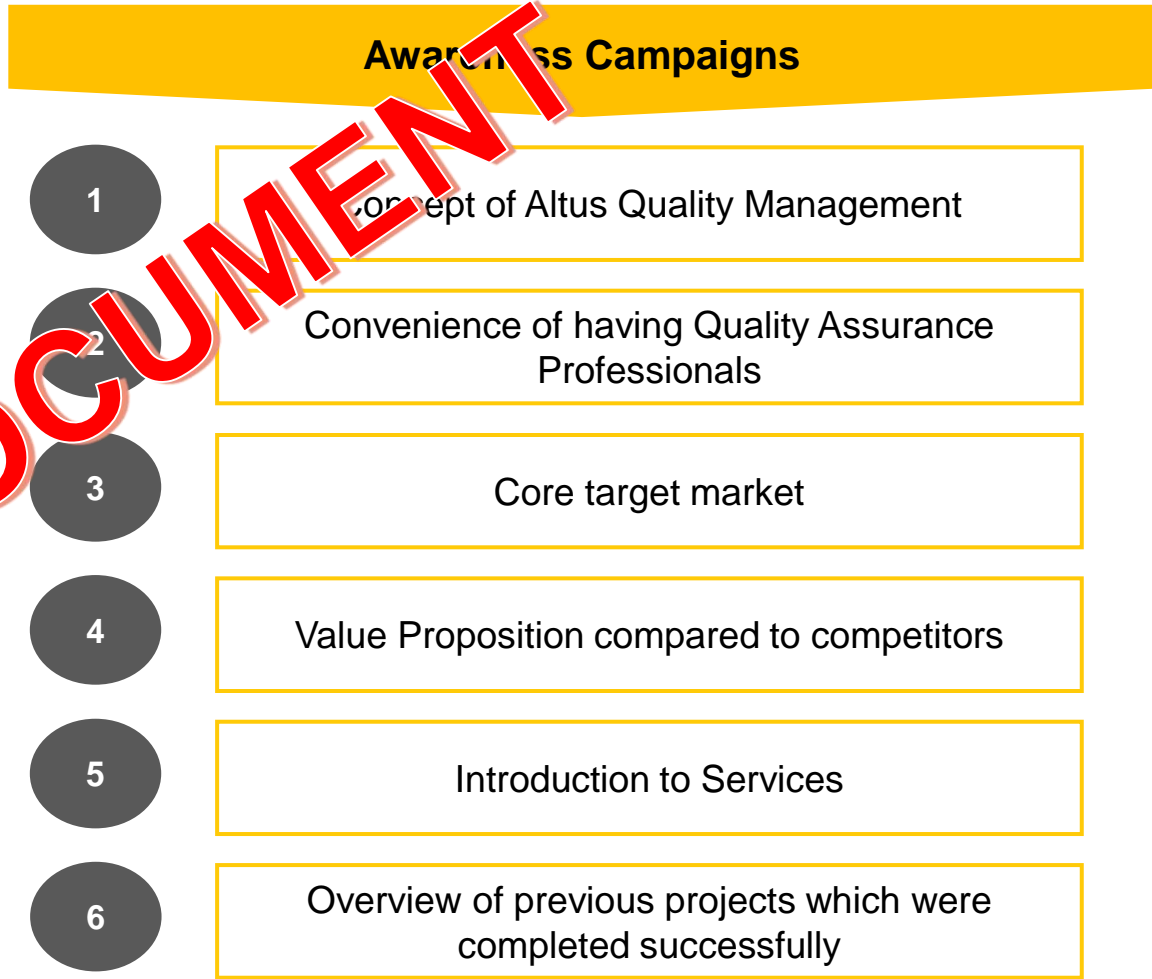
Channel	Description	Cost	Scale	ROI
Friends and family	Encouraging people the owner knows to use the services of the company	Low	Low	High
Website landing page	Using a landing page as a service fee to provide engaging and educational content describing what the company does and why clients should use it.	Medium	Medium	Medium
Client testimonials	Client testimonials can be obtained on the website to increase credibility	Low	Medium	High
Other Payment modes/Partners	Meetings with other payment channels for the potential contribution.	Medium	Low	High
PR / Influencers	Reaching out to people, brands or communities that have a large following and encouraging them to give app a shout	Medium	High	High
Content Marketing	Contributing to online communities or writing blog posts	Medium	Medium	Medium
Email marketing	E-mailing users who visit the website	Medium	Low	High
Social media marketing	Promotion on platforms such as Facebook / twitter and other platforms	High	High	Medium
Advertising	Advertisement campaigns on Television / Radio	High	High	Medium

# Product Awareness – Proposed Awareness Campaign Content

Following are the key components of the awareness campaign:

1. The awareness campaign should clearly explain the concept of Altus Quality Management Professionals
2. The awareness campaign should clearly highlight the convenience of getting work outsourced and increase efficiencies of clients current operations.
3. The awareness campaign should clearly state what type of services will be helpful for clients.
4. The awareness campaign must clearly introduce the services that are offered and the ways to get connected with the client
5. In the end, the awareness campaign must clearly show how to use of a service will help the clients solve their problems and increase efficiency in their business.
6. The awareness campaign should highlight previous projects which were completed successfully, so that clients trust can be gained

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# Financial Analysis

## Section 8

**SAMPLE DOCUMENT**

# Revenue and Cost Model

## Revenue Model

1

Consulting

2

Training and Certification

- Consulting charge will be fixed per client
- Training & Certification charges will be charged on hourly basis

## Cost Model

1

Operating Costs

2

Training &amp; Certification Costs

3

Payroll

- Operating costs mainly include payroll, marketing, rent, and other miscellaneous expenses

# Revenue and Cost Model

## Revenue Model

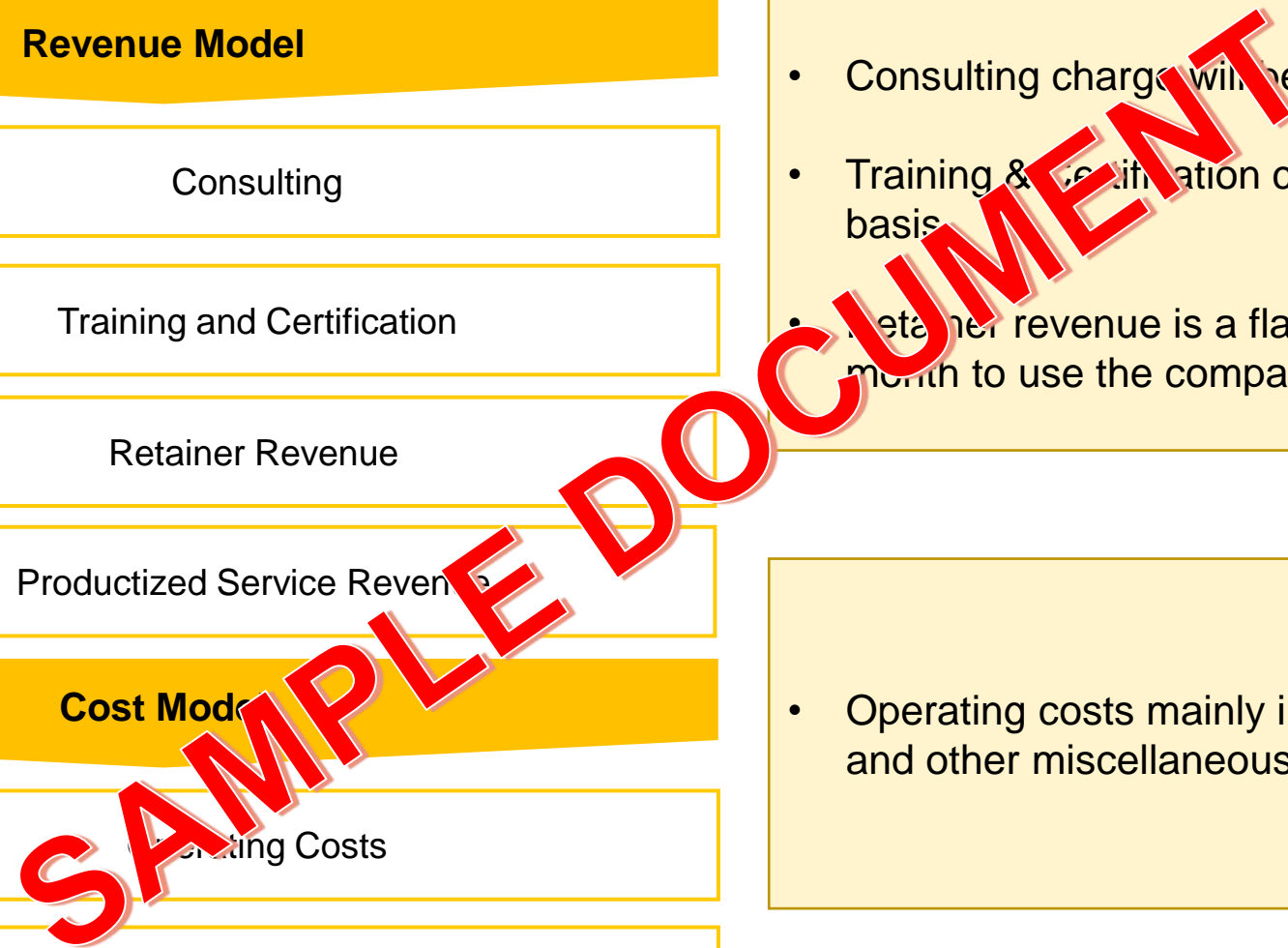
- 1 Consulting
- 2 Training and Certification
- 3 Retainer Revenue
- 4 Productized Service Revenue

- Consulting charges will be fixed per client
- Training & Certification charges are based on hourly basis
- Retainer revenue is a flat fee paid by clients each month to use the company services

## Cost Model

- 1 Marketing Costs
- 3 Payroll

- Operating costs mainly include payroll, marketing, rent, and other miscellaneous expenses



# Revenue Assumptions

- Consulting fee is built-in at \$800 for each consulting training offered. It is estimated that 40 consulting training will be hosted in Year 1 which will grow to 72 by Year 3
- Training & Certifications are charged hourly to the client with the costs built-in at \$200 per hour. Annual training & certifications held will be 5 in Year 1 which grow to 9 by Year 5. We have remained conservative in our assumptions for training & certifications, due to being new in the Canadian market.
- Retainer fee is charged to clients which pay a flat fee per month to access a full range of consulting services. These fees are built-in at \$2,000 per annum growing at 5.0% in Year 2
- Productized services involve a standard suite of products/services for clients and include a standard rate sheet for various courses. The average fee for this service is built-in at \$650 per annum.

		Year 1	Year 2	Year 3
<b>Revenue Assumptions</b>				
Consulting Fee	Unit	800	840	840
Annual Consulting Trainings	# Per Annum	40	70	72
Increase in Revenue	%		5.00%	
<b>Total Consulting Revenue</b>	<b>\$</b>	<b>32,000</b>	<b>58,800</b>	<b>60,480</b>
<b>Training &amp; Certification Revenue</b>				
Training & Certification Hourly Charge	\$/Hr	200	210	210
Annual Training & Certifications	# Per Annum	5	8	9
Hours Spent per Training	Hours	100	120	120
Total Hours	Hours	500	960	1,080
Increase in Revenue	%		5.00%	
<b>Total Training &amp; Certification Revenue</b>	<b>\$</b>	<b>100,000</b>	<b>201,600</b>	<b>226,800</b>
<b>Retainer Revenue</b>				
Average Retainer Fee	\$	2,000	2,100	2,100
Increase in Revenue	%		5.0%	
Number of Projects	#	1	3	3
<b>Total Retainer Revenue</b>	<b>\$</b>	<b>2,000</b>	<b>6,300</b>	<b>6,300</b>
<b>Productized Services Revenue</b>				
Productized Services Fee	\$	650	683	683
Annual Services	#	20	20	20
Increase in Revenue	%		5.0%	
<b>Total Productized Service Revenue</b>	<b>\$</b>	<b>13,000</b>	<b>13,650</b>	<b>13,650</b>
<b>Total Revenue</b>	<b>\$</b>	<b>147,000</b>	<b>280,350</b>	<b>307,230</b>



# Cost Assumptions

- Cost assumptions are presented in the table. These mainly include operational costs such as marketing, rental expenses, payroll expenses and miscellaneous expenses.
- Payroll expense is the largest component of the costs which adds up to \$120,000 in Year 1 and grows to \$235,000 by Year 3 as more staff is hired.

		Year 1	Year 2	Year 3
<b>Cost Assumption</b>				
Marketing	% of Rev	3.0%	3.0%	2.0%
Rental expenses	\$/Annum	14,000	14,000	15,000
Payroll Expense	\$/Annum	120,000	235,000	235,000
Miscellaneous Expenses	% of Rev	1.0%	1.0%	2.0%

**SAMPLE DOCUMENT**

# Human Resources Plan

- Human resources plan is provided in the table on the right. Total number of staff are grown from 2 in Year 1 to 4 by Year 3
- Salaries are provided based on the average salaries in Canada for the occupations.
- Total staff is grown from 2 in Year 1 to 4 by Year 3 with the addition of sales staff which will be instrumental in bringing additional revenue for the company.
- Total payroll expense adds to \$120,000 in year 1 which grows to \$235,000 by Year 3

		Year 1	Year 2	Year 3
<b>Human Resource Plan</b>				
CEO		1	1	1
Business Development Manager	#	0	1	1
Sales & Marketing Analyst	#	0	1	1
Consulting Associate	#	1	1	1
<b>Total HR Plan</b>		<b>2</b>	<b>4</b>	<b>4</b>
<hr/>				
CEO	\$/Annum	70,000	70,000	70,000
Business Development Manager	\$/Annum	65,000	65,000	65,000
Sales & Marketing Analyst	\$/Annum	50,000	50,000	50,000
Consulting Associate	\$/Annum	50,000	50,000	50,000
<b>Payroll</b>				
CEO	\$/Annum	70,000	70,000	70,000
Business Development Manager	\$/Annum	0	65,000	65,000
Sales & Marketing Analyst	\$/Annum	0	50,000	50,000
Consulting Associate	\$/Annum	50,000	50,000	50,000
Admin Assistant	\$/Annum	0	0	0
<b>Total Payroll</b>		<b>120,000</b>	<b>235,000</b>	<b>235,000</b>

# Income Statements

- Income statements depict healthy profitability during the three year forecast. Revenue grows from \$147,000 in Year 1 to \$307,230 by Year 3 due to increased number of projects won during the course of the time period.
- As more staff is added in the forecasted period, the profitability is impacted, due to the increased payroll. However, the business is self-sustainable and additional payroll leads to more revenue booked which will eventually lead to profitable operations in the long-term.

		Year 1	Year 2	Year 3
<b>Income Statement</b>				
Revenue	\$	147,000	280,350	307,230
Less: Marketing Expenses	\$	(4,410)	(8,411)	(6,145)
Less: Rental Expenses	\$	(14,000)	(14,000)	(15,000)
Less: Payroll Expense	\$	(120,000)	(235,000)	(235,000)
Less: Miscellaneous Expenses	\$	(1,470)	(2,804)	(6,145)
<b>Net Profit</b>	<b>\$</b>	<b>7,120</b>	<b>20,136</b>	<b>44,941</b>
<b>Net Margin</b>	<b>%</b>	<b>5%</b>	<b>7%</b>	<b>15%</b>

# Balance Sheets

- The Balance sheets predict stable growth in total assets based on increased cash being received by the business. This is because of increased revenue from fee-paying customers.
- Shareholders equity is \$100,000 which is the amount of Investment by the CEO.

		Year 1	Year 2	Year 3
<b>Balance Sheets</b>				
Investment	\$	100,000	100,000	100,000
Receivables	\$			
Cash	\$	7,120	27,256	72,197
<b>Total Assets</b>	<b>\$</b>	<b>107,120</b>	<b>127,256</b>	<b>172,197</b>
Shareholders Equity	\$	100,000	100,000	100,000
Retained Earnings	\$	7,120	27,256	72,197
<b>Shareholders Equity &amp; Liabilities</b>	<b>\$</b>	<b>107,120</b>	<b>127,256</b>	<b>172,197</b>

# Cashflow Statements

- Cashflow statements are presented in the table on the right.
- The business generates healthy cashflow from operations which is positive throughout the forecasted period. Positive cashflow from operations indicates that the business does not need to have external funding to sustain its growth.
- Closing cash position improves from \$7,120 in Year 1 to \$72,197 by Year 5 based on an improvement in revenue during the forecasted period.

		Year 1	Year 2	Year 3
<b>Cashflow Statements</b>				
Net Profit/(Loss)	\$	7,120	20,136	44,941
<b>Cashflow from Operations</b>	<b>\$</b>	<b>7,120</b>	<b>20,136</b>	<b>44,941</b>
Less: Capex	\$	(100,000)		
	\$	<b>(100,000)</b>		
Equity	\$	100,000		
<b>Cashflow from Financing</b>	<b>\$</b>	<b>100,000</b>	<b>0</b>	<b>0</b>
<b>Net Cash</b>	<b>\$</b>	<b>7,120</b>	<b>20,136</b>	<b>44,941</b>
Opening Cash	\$	0	7,120	27,256
<b>Closing Cash</b>	<b>\$</b>	<b>7,120</b>	<b>27,256</b>	<b>72,197</b>