



Malton Women Council

# STRATEGIC, BUSINESS, AND FINANCIAL PLANNING FOR SMALL BUSINESSES




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# Brainstorm

Before you proceed to develop any type of plan for your business, consider brainstorming about the following:

- Why do you want to do this business? Has your why changed over time?
- What is the most important factor for success in your business? Leadership qualities, brand recognition, organizational skills, product uniqueness, sales, expertise?
- Are you on the right path? If you already have a business idea or business plan, revisit the plan to ask questions related to your strengths, weaknesses, opportunities, and threats. Determine your niche. Can the internal and external factors in your business guide its direction?

Once you have completed this exercise, you can proceed to creating plans for your business.







# Strategic Plan

A strategic plan tells you where your business is going and how to get there. A strategic plan provides you with a roadmap of your goals along with strategies to achieve these goals.

Your strategic plan must have four key components:

1. Current State – This section describes where your business is currently. It includes an overview of company milestones, products, financial and sales performance, and key performance indicators. It also includes a strategic analysis of the external and internal environment factors impacting your business.



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- Future State – This section describes the desired future state of your business. It includes strategic objectives, vision, mission, high-level goals, business models, and the desired future value proposition.
- Strategic Plan – This section focuses on bridging the gap between the current and the future state. This section includes corporate directions, strategic priorities, financial projections, and an action plan (with tasks, timelines, and key performance indicators) to achieve your goals.
- Executive Summary – The executive summary summarizes the entire plan.

**To learn more about how to create a strategic plan, visit:**

<https://www.bdc.ca/en/articles-tools/business-strategy-planning/define-strategy/how-write-strategic-plan>

Note: A strategic plan is different from a business plan. A business plan describes your current business or a specific new project. The focus is on day-to-day operations and keeping your business viable. A strategic plan establishes future goals and targets, and strategies to achieve these targets in the long term. A company needs both a strategic plan and a business plan.



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# Business Plan

A Business Plan helps you start or grow your business. Lenders and investors will require you to submit a business plan before they lend you money.

Most business plans will consist of:

- Company Profile
- Sales and Marketing
- Operations
- Financial Information

Plans may include a Project Overview and Summary of the Company's activities.



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## Company Profile

A Company Profile offers an overview of your business. A profile includes:

- **Company Description** – Describe your company activities, location, and the stage of your business (new, expanding, acquisition, etc.).
- **Products/Services** – Describe your products and services in detail, including features and costs. For example, if you offer a tutoring service for \$50/hour, what is the mode of delivery? Do you rent a facility? Do you have a curriculum?



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- **Value Proposition** – A value proposition answers the question of “why”. Why do customers keep returning to your business? What makes your business unique? Speak to your customers, conduct surveys, or hold focus groups to develop your value proposition and support your argument.
- **Owners, Management Team, and Key Personnel** – Include your team members’ responsibilities, education, skills, training, knowledge, experience, transferable skills, business contacts, and relevant hobbies. Do not skip this section. This section establishes your business’s credibility among potential customers and lenders.
- **Company History** – Describe your company’s stage of development, and the time, effort, and resources used. Use numbers.
- **Mission, Vision, and Corporate Values** – Create a mission, vision, and values for your business.
- **Legal Structure and Issues** – Explain the legal structure of your business and the rationale behind this choice. Discuss liability issues.



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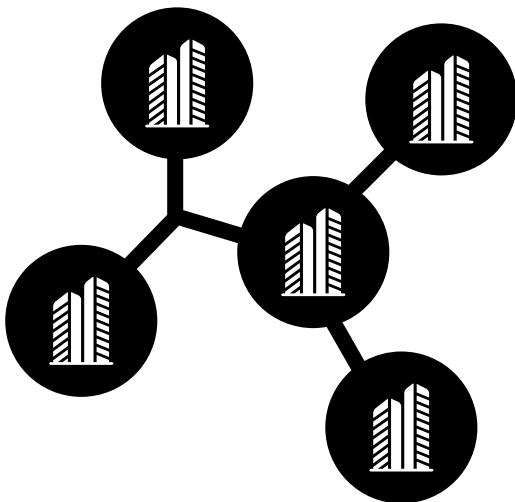


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- **Regulation and Insurance** – List permits, licenses, and similar obligations for your business. Describe insurance needs, costs, and potential or current insurers.
- **Business Objectives** – Briefly list short- and medium-term objectives for your business with timelines. For example, you hope to achieve \$50K in sales by August 30 or launch your website by November 8.



**Project** – Describe your project and funding needs if you are seeking funding for a specific project.

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- **Market Research** – Describe your market, the sector, competition, and trends. Include significant amounts of data. Include the following:
  - **Market Overview** – Describe how the market works, companies involved, gaps your business fills, challenges faced by your business, and opportunities your business can access. Do not simply present general statistics for the industry.
  - **Target Market** – Create a typical profile of your target customer. Identify niche customers or personas. Targeting anyone between the ages of 18 to 65 is too general.
  - **Competition** – Identify 3-5 competitors in the same market, who are slightly older and relevant. Identify competitors that your customer would choose instead of your company, rather than simply listing large, well-known companies.
  - **Strengths and Weaknesses Analysis** – Conduct a Strengths, Weaknesses, Opportunities, and Threats (SWOT) Analysis. Identify the strengths, weaknesses, and threats of each of your competitors. Describe ways in which your business can succeed or do things differently.







# Sales and Marketing

Describe the activities used to generate sales.

- **Action Plan** – Create an action plan with your top 3 marketing activities. Describe the following for each activity:
  - Description
  - Frequency
  - Cost or Time Required
  - Expected Results
  - Campaign Metrics Tracked
- **Pricing Strategy** – List your prices with rationale. Compare with competitor prices. Determine positioning: Is the price a bargain, a normal industry price, or a premium price?
- **Sales Forecast Rationale** – Explain your sales forecast and numbers for the first three or four months of the financial projections. Be realistic. Achieving 15 sales in July is reasonable if you achieved 15 sales/month for the last 6 months. Projecting 15 sales in July with no prior experience, and simply because you believe your service is good, is a weak response.



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# Operations

Describe the functioning of your business.

- **Location** – Describe the business location and its purpose. For example, you may have a home business and provide a rationale for the appropriateness of this location based on the nature of the business. A restaurant owner will need to describe more details such as layout, square footage, neighborhood, parking, visibility, number of tables, photos, etc.
- **Assets and Production** – List assets such as equipment, machinery, real estate, and technologies. Explain the production process. A consultant may only need to provide the quotation process and work methods. A manufacturer will need to explain all stages of production – materials, manufacturing, and shipping.



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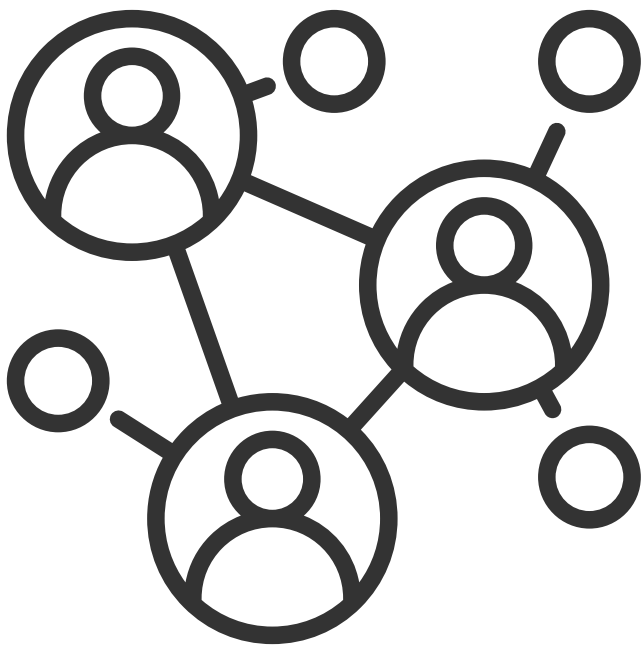
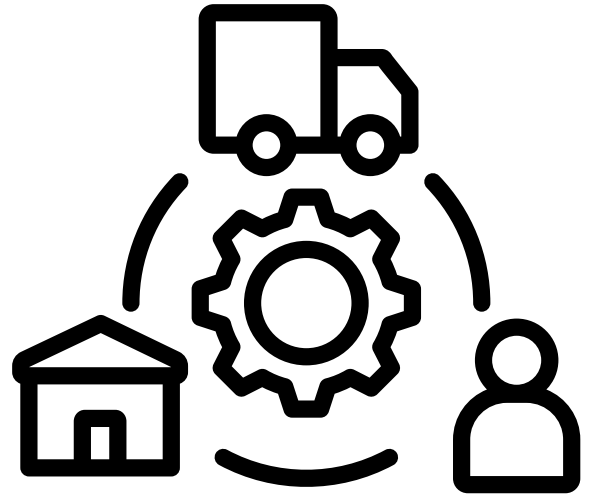


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**Procurement** – List your suppliers with rationale. Include details such as costs, location, processing time, trade agreements, and cross-border issues for overseas suppliers.



- **Human Resources and Organizational Structure** – Include details on the number of staff and contractors, organizational chart with roles and responsibilities, method of recruitment and retention, and the pay cycle.
- **Risk Assessment** – Identify risks with company operations and contingency plans to manage risk.





# Financial Information

Present conservative and realistic data, regardless of whether or not your business currently exists. Ensure you provide cash flow forecasts and financial projections using past results or expected revenues and expenses. Provide monthly forecasts and include start-up costs if applicable.

Do not hide your financial situation. Let the lender know about sales fluctuations or the need for flexible payment. Transparent plans build trust.

Established businesses must include financial statements:

- Balance Sheet
- Income Statement
- Statement of Cash Flows
- Statement of Retained Earnings



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# Executive Summary

Provide a summary of the business plan.

To learn more about how to create your business plan, please visit:

<https://www.bdc.ca/en/articles-tools/start-buy-business/start-business/how-write-business-plan>

You can find sample business plans and templates using the following websites:

- BDC Business Plan Template:  
<https://www.bdc.ca/en/articles-tools/entrepreneur-toolkit/templates-business-guides/business-plan-template>
- BPlans:  
<https://www.bplans.com/sample-business-plans/>



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# Financial Plan

A financial plan is a forward-looking projection of your income and expenses in the upcoming months. This plan can help determine cash flow, identify financing needs, and help you determine if you are ready to take on new projects.

If you are at the initial stages of your business, a financial plan can help you determine if your idea is viable.





To create a financial plan, follow the steps below:

- Strategic Plan Review – Review your strategic plan to determine your future goals for the year, which may include:
  - Expansion
  - Need for equipment, staff, resources
  - Financing needs
  - Also consider the effect of the plan on cash flow and determine the financial impact in the next 12 months, including spending on major projects
- Develop financial projections – Create monthly financial projections by determining anticipated income based on sales forecasts and anticipated expenses. Include the costs for potential projects identified from the strategic plan review. You can use a spreadsheet or accounting software, and seek help from an accountant. It's helpful to create a projected income statement and balance sheet projection with various scenarios (most likely, optimistic, and pessimistic).



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In general, key components of your financial plan will include:

- Income Statement

- An income statement reports net profit or loss over time – monthly, quarterly, annually. An income statement includes:
  - Cost of sales or cost to produce goods or services
  - Revenue Streams
  - Operating Expenses such as rent and utilities
  - Gross Margin – the total net profit or loss

- Balance Sheet

- A balance sheet captures assets (available cash, goods, etc) and liabilities (amounts owed to suppliers, personnel, creditors, etc.)
- Determinant of business net worth



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- Cash Flow Statement

- A cash flow statement captures the amount of cash that came in and went out over a specific time period
- Reveals liquidity i.e. cash available on hand

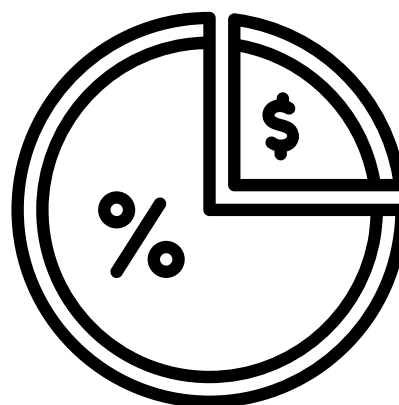
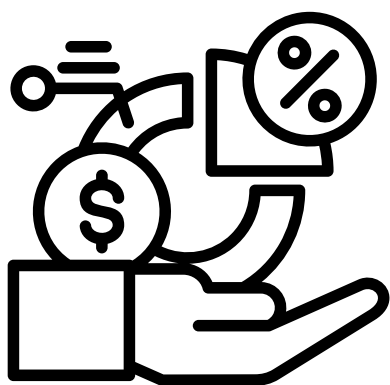
- Personnel Plan

- A Personnel plan includes details on staff positions, costs per position, and identifies the need for additional staff.
- Forecast salaries, benefits, and other costs such as training and travel associated with staff.



- Business Ratios

- Business Ratios are used to evaluate your financial health and request funding from banks or investors. Common ratios include
- Net Profit Margin – demonstrates profitability relative to revenue.
- Working Capital – to understand financial strength
- Inventory Turnover – shows how frequently you can turn inventory to sales and the efficiency of inventory management
- Debt-to-Worth – indicates overall health of business. Used by lenders.
- Return on Investment (ROI) – A high ROI shows that you generate income from investments







- Sales Forecast

- The sales forecast predicts how much you will sell in each period. The sales forecast projects cash flow and overall financial health.

- Cash Flow Projection

- Cash Flow Projections show how cash moves into and out of your business, the cash available today, where the cash will be allocated, sources of cash, and scheduling of outflows

- Income Projection

- Income projections show how much the business earns minus expenses

- Assets and Liabilities

- Assets include what your company owns, such as cash, inventory, accounts receivable that can be converted to cash, etc.
- Liabilities refer to what you owe to creditors, such as payroll, loans, taxes, etc.







- Break-Even Analysis

- The break-even point is a measure of the amount a business needs to sell to cover all fixed and variable expenses
- Profit results when revenue exceeds expenses
- Use break-even analysis to evaluate expenses and determine how much to markup goods and services to make a profit



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## Once you have an idea of your numbers:

- Arrange Financing – Use financial projections to determine your financing needs. Lenders will look at this data. Meet your lenders early on to discuss options.
- Plan for Contingencies – To protect against sudden changes in finances, consider having emergency funds, cash reserves, or keeping room on your line of credit.
- Monitor and Assess – Compare the reality with your projections to determine areas that need adjustment.

You may need help from a professional to build your financial plan.

To create your financial plan, please refer to the BDC Financial Plan Template: <https://www.bdc.ca/en/articles-tools/entrepreneur-toolkit/templates-business-guides/financial-plan-template>



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# The 3Cs of Business and Financial Planning

While establishing your business and financial plan, it's important to brainstorm about the 3Cs

- Character (Credit standing, business viability): How old is your business? How is your business doing?
- Capital (what kind of business do you have): What additional capital can you use to secure the business? Do you have investments?
- Capacity (ability to repay debt): Are you earning consistently? What are your debts? How big is your business? What are your expenses?



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# Skills for Business Success

You can create the best plans, but without the execution, you will not get too far. Below are some of the skills you need to create a strong business:

- Discipline – Define your goal, eliminate distractions, prioritize, and track your progress. Business is a marathon.
  - Emotional Intelligence – To build a business, you need to understand people, understand their needs, build relationships, and add value to their lives.
  - Selling – Selling involves convincing someone to change. Selling is rationalized persuasion.
  - Outsource – Delegate repetitive and time-consuming tasks.
  - Willingness to make sacrifices – Not everyone will be able to make the same sacrifices depending on their circumstances.
- In general, your business will not grow itself. You will need to make some sacrifices along the way.

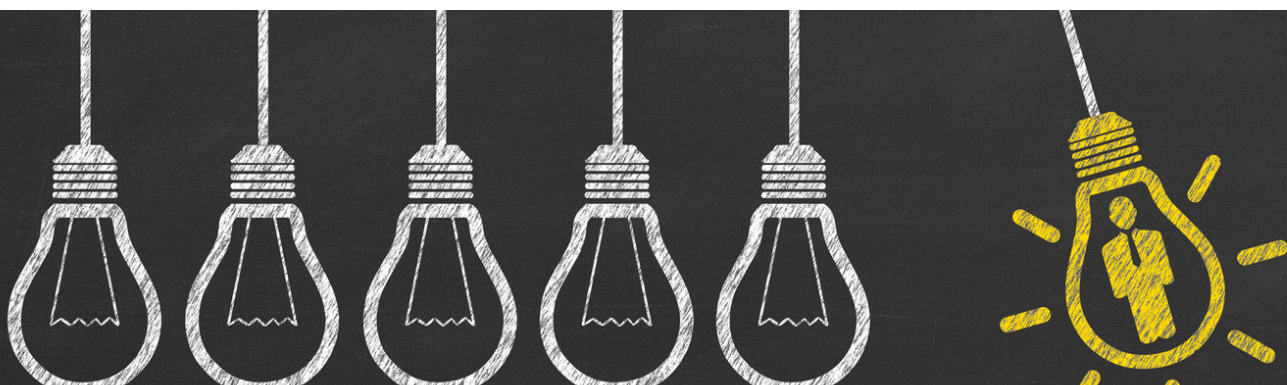






# Resources

- BDC Business Plan Template: <https://www.bdc.ca/en/articles-tools/entrepreneur-toolkit/templates-business-guides/business-plan-template>
- BDC Financial Plan Template <https://www.bdc.ca/en/articles-tools/entrepreneur-toolkit/templates-business-guides/financial-plan-template>
- BPlans offers guidance and sample business plans  
<https://www.bplans.com/>
- Startup Cost Estimator Tool: Use any available business startup cost estimator online to determine the cost of running your business and estimate when you will make a profit.
- Small Business Centres Ontario: <https://www.sbcontario.ca/>  
Offer free consultations and workshops, including business plan support.

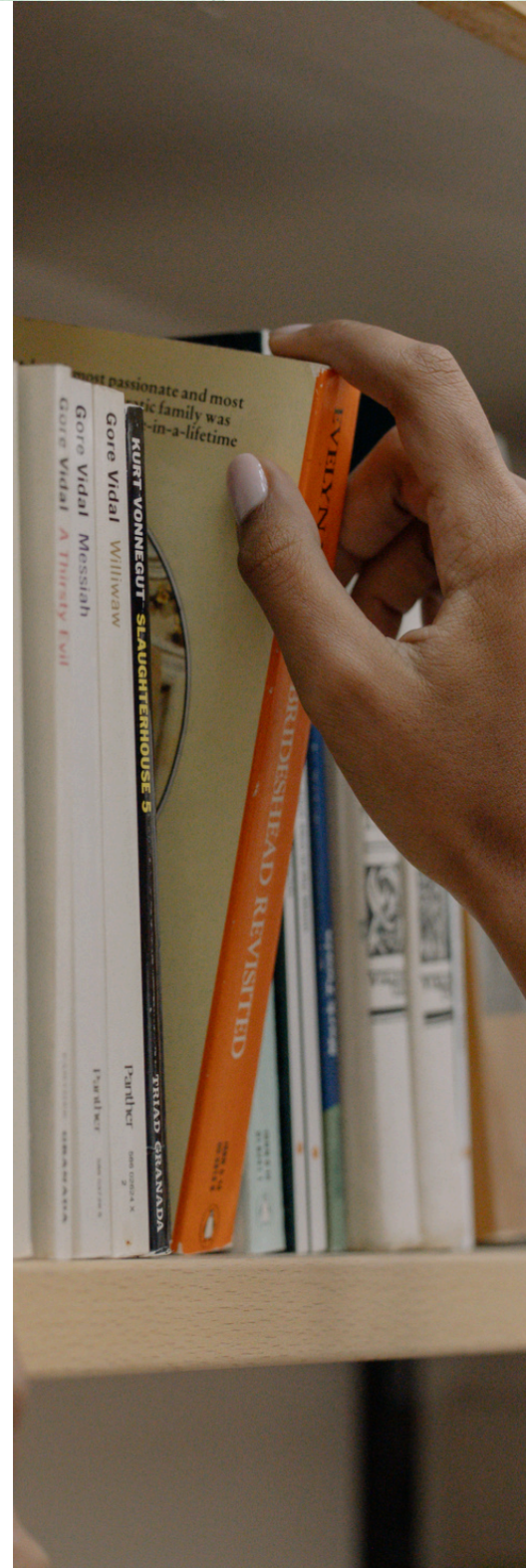






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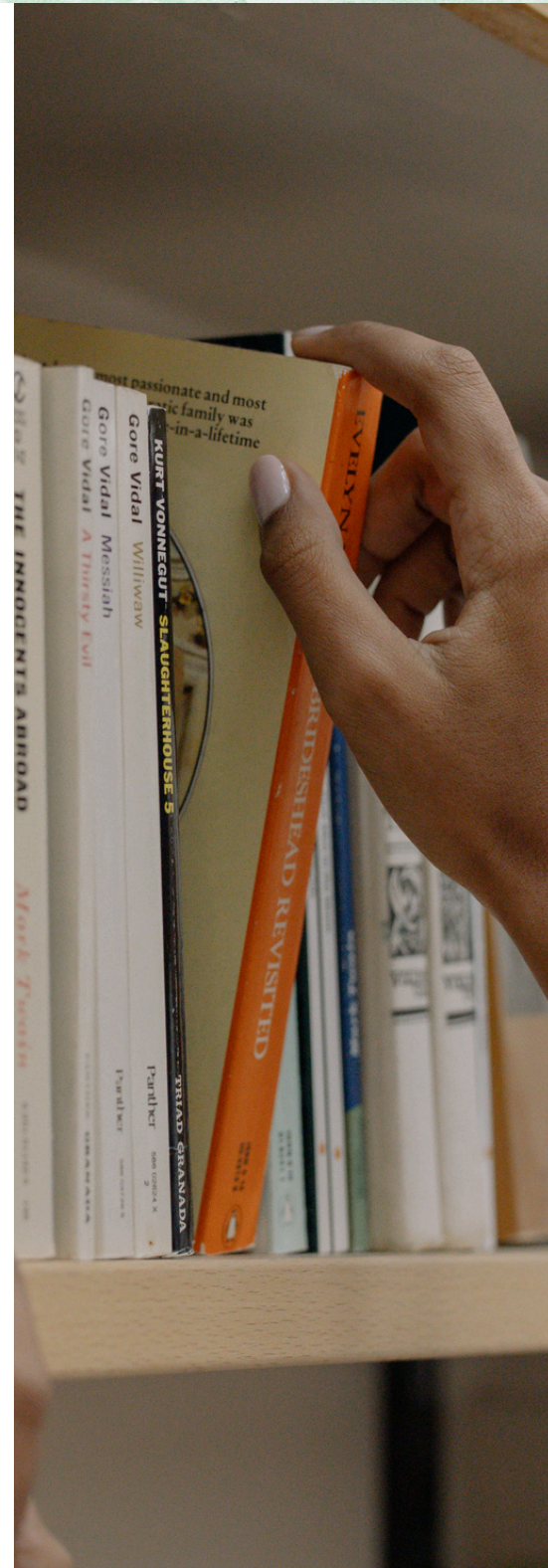
- Business and Financial Planning Presentation by Tushita Majumdar. Tushita is a motivational speaker and life coach. She has previously served as a Customer Service Manager at Walmart and Settlement Counselor and Crisis Support Worker at Punjabi Community Health Services.
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