



REFERENCE FRAMEWORK FOR THE PREPARATION OF BUSINESS PLANS

Preamble

The reference framework for the preparation of business plans is a working document to guide you in the preparation of your business plan. Note that some sections or items of information may not apply to all business ventures. Therefore, the final version of your business plan must be adapted to your project. Please contact us should you have any questions.

Purpose

The purpose of a business plan is not simply to obtain financing. Its preparation affords an opportunity to examine all issues that you will have to face and may have overlooked during the brain-storming phase. A good business plan provides guidelines for the development of your business and a reminder of your goals. Your business plan is a management tool that will help you follow your business project on the short, medium and long term.

Prepare your business plan concisely. Get straight to the point and avoid repetition even though the item you raise is found in several categories. Refrain from using language that the reader may not understand. If you use acronyms, indicate their meaning the first time they are used.



REFERENCE FRAMEWORK FOR THE PREPARATION OF BUSINESS PLANS

1. Summary

- Reason for the plan (obtain financing, new business start-up, expansion of an existing business, diversification of activities, acquisition of an existing business, etc.)
- Summarize the key aspects of the business plan

2. Business profile

- Name of the business, address (headquarters and points of service, where applicable), telephone and fax numbers, email, website, etc.
- Location (on or off reserve), electoral districts (federal and provincial)
- NAICS industry code
- Legal status (sole proprietorship, partnership, incorporated business)
- Name(s) of owner (s)
- Percentage participation of each owner (% of native and non-native ownership), where applicable
- History (if existent)
- Mission, vision
- Products and services offered, main advantages
- Infrastructures, installations and equipment (details of business assets)
- List of operating permits, licences and requisite certificates (federal, provincial and municipal regulations)
- Affiliated businesses, where applicable

3. Project description

- Project details (start up, expansion, modernization, etc.)
- Impact of the project on the business (for example: need for additional employees, improved profitability, etc.)
- Issues, key factors of success
- Economic spinoffs for First Nations of Canada
- Completion deadline

4. Project costs and financing

- Detailed costs of the project (equipment, buildings, working capital, taxes, etc.) and financing needs (capital outlay, government contributions, commercial financing, etc.)
- Characteristics of goods to acquire (new or used, guaranteed or not, etc.)
- Details of financing obtained and conditions (interest rate, lending terms and sureties, etc.) including confirmations (in appendix), if already obtained
- Include tenders and estimates (in appendix) to justify project costs

5. Industry and market analysis

- Overview of the industry: background and outlook for the future, standards
- Financial ratios associated with the industry
- Impacts of economic conditions on the business' activities
- PESTEL environment (political, economic, social, technological, ecological, legal)
- Market description and assessment (current and future context of the sector, segments, developmental stages, market size and location)
- Market shares (local, regional, provincial, national, international)
- Barriers to entering the market
- Target clientele: age, income, level of education, etc.



- Aggregate demand and target market demand: potential sales volume, percentage of the target market that the business must garner to achieve this sales volume, average purchase amount, break-even point
- Target market needs: consumer purchase decision making (price, service, quality, impulse buying or planned purchasing)
- Consumption statistics
- How prices are determined
- Payment methods and conditions
- Competition: who, where, how much, competitor size, market shares of each, strengths / weaknesses, direct and indirect competition, competitive advantages, differentiation, existence of alternative products
- What effect will the proposed project have on other businesses (saturated market, price wars and discounts, etc.)?

6. Promotion and marketing

- Marketing strategy (the four “P”: product, price, promotion, position);
- Advertising and cost (Web page, media, leaflets, catalogues, professional trade shows, production of posters, word of mouth, etc.);
- Sales method (direct sales (store), commercial representative, website, wholesaler)
- After-sales policy and warranties

7. Owner(s), management (management and operations team)

- Owner(s): names, titles, roles and responsibilities
- Personal balance sheet(s) of owner(s), **include documented proof** (statements, bank statements, registration certificates, proof of insurance coverage, proof of aboriginal ancestry, etc.)
- Capital injection capacity of owner(s)
- Credit history (ability to respect financial obligations)
- Education and experience of owner(s): ability to implement and successfully undertake the business project; management experience and knowledge of the sector in which the business operates (**include resumes in appendix**)
- Internal organizational structure, organization chart
- Strengths and weaknesses of the management team and mitigation strategy to overcome any weaknesses
- External assistance (accountant, banker, legal adviser, etc.) name, address, telephone and fax number, email, website, etc.
- Number of employees (full time, part time, Native, non-native)
- Roles and responsibilities
- Level of employee skills (training, requisite experience)
- Workforce availability
- Recruiting methods
- Information on remuneration of the owner(s), managers and employees (salaries and fringe benefits)

8. Operations

- Choice of location and justification (where applicable)
- Description of the installations, equipment, supplies, necessary inventory
- Production process, technology, production plan (industrial enterprise)
- General description of daily operations (business hours, seasonal nature of the business, daily activities (individual employee tasks), etc.)
- Indicate any specific requirements (access roads, drinking water, wastewater evacuation, hazardous materials, aeration, health and safety inspections, etc.)



- Information on suppliers (supply network)
- Information on distribution networks
- Information on subcontractors (where applicable)

9. Environmental requirements

- Environmental risks
- Environmental concerns
- Necessary impact studies and environmental assessments
- Environmental authorizations, licences and permits
- Describe mitigation strategies to limit damage caused to the environment (insurance coverage, emergency measures in the event of a catastrophe and decontamination, costs, etc.)

10. Forecasts and financial analysis

- Include and comment on the historic financial statements (3 years), where applicable
- Include and comment fiscal forecasts. The forecasts must include:
 1. Initial balance sheet
 2. Balance sheet (at the end of the 1st, 2nd and 3rd years)
 3. Statement of receipts, disbursement and cash position (for the 1st, 2nd and 3rd years; present the 1st year on a monthly basis)
 4. Profit and loss statements (for the 1st, 2nd and 3rd years)
- Indicate all hypotheses underlying the budgeted financial statements (to demonstrate the realism of the forecasts)
- Risk factors that may affect the financial forecasts
- Calculate the main financial ratios and compare them to industry ratios (explain differences): gross and net margin ratios, debt service coverage ratio, owner participation ratio, working capital ratio, return on equity ratio, debt/equity ratio, etc.

11. Recommendation

- In light of the risk determined and what the enterprise might achieve, is the investment worthwhile? Should the owner move forward with the project?
- Provide a comprehensive assessment of project feasibility. Why would it be successful (unsuccessful)?
- What would be the potential economic spinoffs of the project?

12. Pertinent documentation (in appendix)

- Following is a list of documents that should be appended to the plan:
 - Financial statements from previous years (where applicable)
 - Governing documents of the business
 - Supplier tenders
 - Supplier contracts
 - Construction plans and specifications
 - Ownership/shareholder agreements
 - Organization chart, job descriptions, resumes
 - Detailed list of assets and investment
 - Contracts, leases, letters of intention, business operating licences, licences
 - Permits and environmental reports
 - Property evaluation and business assessment
 - Insurance policies
 - Bibliography (materiel and sources of information)
 - Letters of recommendation (where applicable)



BUSINESS PLAN – CONSULTANT GUIDELINES

Your service offer must include the following:

1. Goals of the plan and understanding of the mandate
2. Methodology used (the approach and proposed means)
3. Completion schedule and costs (detailed budget)
4. A detailed description of pertinent experience to undertake the mandate (enclose your resume and list of mandates completed and the company resume, where applicable)
5. The resumes of each individual involved in the file, including any subcontractor whose services are retained

The promoter and his consultant must sign the commitment below.

PROMOTER AND CONSULTANT COMMITMENT

I, representing (Name of the consultant) (Name of the firm),

I, representing (Name of the client) (Name of the business),

Confirm having read this reference framework and agree to comply with it. We also confirm our understanding that the business plan must be to the complete satisfaction of the Native Commercial Credit Corporation in order that the disbursement of the non-refundable contribution take place.

Consultant:

Signature

Date

Client:

Signature

Date

*****Important:** In the event that we grant you a contribution for the preparation of your business plan to start up your business, the consultant's service offer must include a preliminary evaluation (see Appendix 1).



APPENDIX 1 PRELIMINARY EVALUATION (GO-NO-GO)

Goal

The purpose of the preliminary evaluation is to assess:

1. The performance potential of the business to be created
2. The ability of the promoter(s) to successfully manage the business
3. The total cost of the project and viability of the financing plan

Mandate

To achieve the above, you must prepare a report containing the following items:

1. Project description (including cost structure and financing)

- Project details
- Detailed costs of the project and financing (capital outlay of clients, government contributions and financing)
- Demonstration of the ability of the promoter(s) to invest the capital foreseen in the project and further inject capital if need be in the event of unforeseen expenses (personal balance sheet)
- Include tenders to justify project costs

2. Promoter, management (management and operations team): *highlight management capabilities and expertise in the business' field of activity.*

- Education and experience of manager(s): ability to implement and successfully undertake the business project
- Owners(s): names, titles, roles and responsibilities, degree of participation, salaries and income **append the promoters' resumes and personal balance sheets and any other item deemed pertinent to the validation of the personal balance sheets**
- Strengths and weaknesses
- External assistance (accountant, banker, legal adviser, etc.)

3. Industry and market analysis: *highlight the market potential, demand for the product or services and show that this demand will suffice to create a business project viable on the short, medium and long term.*

- Overview of the industry: background and outlook for the future, standards
- Economic conditions, PESTEL environment (political, economic, social, technological, ecological, legal)
- Market description and assessment, market shares, barriers to entering the market, target clientele
 - Aggregate demand and target market demand: potential sales volume, percentage of the target market, average purchase amount, gross volume of potential sales sufficing to reach the break-even point
- Prices, payment methods and conditions
- Competition: direct/indirect, who, where, how much, competitor size, market share, strengths / weaknesses, competitive advantage, alternative products
- Effect of the project on other businesses (saturated market, price wars and discounts, etc.)

4. Conclusion:

Your report must include an opinion on the project and a recommendation to pursue the investigation. By recommending pursuit of the mandate, you are affirming that in your opinion, the business project will be viable on the short, medium and long term.