

Long-range planning does not deal with future decisions, but with the future of present decisions.

Peter F. Drucker

**PRELIMINARY
BUSINESS PROPOSAL**

(Application for the Self Employment
Training Program)

For (company name)

Not required

Prepared & written by

Date

Guideline: The purpose of this document is to assist in the evaluation process for the Self-Employment program and the development of a final business plan. The first attempt at completion of this information is quite often an 'educated guess' approach. Information will be further validated throughout the evaluation process and continued once accepted into training. Complete all sections to the best of your knowledge, using the information you currently have and what you envision your business to do in the future.

GENERAL INFORMATION

(This information should be completed to the best of your current knowledge.)

1. Provide a brief description of your proposed business? (Product and/or service offered, target market, competition, etc.)

2. Why do you want to start this particular business? Rate from 1-10 in order of importance.

- | | |
|----------------------------------|--------------------------------------|
| ___Make a living | ___fulfill dream to run own business |
| ___Be your own boss | ___grab hold of opportunity |
| ___Leave frustrating job | ___make lots of money |
| ___Use experience & skills | ___supplement income |
| ___Create job for self or others | ___other (specify) _____ |

3. What are the goals of your business?

4. How will your business be structured? Check the one that applies.

Name	Relationship	Pro's	Con's
Sole proprietor <input type="checkbox"/>	Only you	-Any profits are yours -Easy to set up -Possible tax benefit	-You carry all risks -Responsible for debts personally
Partnership <input type="checkbox"/>	You and someone else	-Easy to set up -Flexible -Partners contribute all aspects	-Disagreements = problems -Partners share debt -Legal counsel advised
Incorporation <input type="checkbox"/>	You are separate legal entity from the business	-Limited liability to shareholder -May reduce taxation	-Expensive to set up -More regulations and paperwork

5. List the proposed hours of operation and total number of hours/week you are planning to operate your business and why you chose them. (Not all businesses need regular hours)

Monday -

Tuesday -

Wednesday -

Thursday -

Friday -

Saturday -

Sunday -

TOTAL HOURS/WEEK -

PRODUCTS/SERVICES

1. Provide a detailed description of the product/service offered by your business.

2. Will any further training be required for yourself or your staff to provide your service or manufacture your product for the consumer?

START-UP COSTS

1. INVENTORY needed to provide product or service

List the inventory required to run your business. Then specify whether you currently own this inventory or if it will need to be purchased.

Inventory Required	Owned	To Purchase
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____

Total Value **A** \$ **B** \$
(Total inventory owned) (Total inventory to purchase)

Total Inventory for Project **A+B =**

Of this inventory to be purchased how much is needed NOW (at start-up). How much can wait until revenue has been generated. When would you forecast to purchase additional inventory?
 _____Month_____Year

2. EQUIPMENT/FURNITURE/ASSETS needed to operate

List the equipment required to run your business. Then specify in the appropriate column whether you currently own this equipment or if it will need to be purchased. Indicate the cost of the equipment including installation charges. Use additional sheets if needed.

Equipment Required	Owned	To Purchase
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____

Total Value	A	\$	<input type="text"/>	B	\$	<input type="text"/>
			(Total equipment owned)			(Total equipment to purchase)
Total Assets for Project	A+B =	\$	<input type="text"/>			

Of this equipment to be purchased, how much can wait until revenue has been generated? When would you forecast to purchase additional equipment? _____Month _____year

3. **ADDITIONAL START-UP COSTS** (use additional sheet, if required)

These are costs that you will incur in order to start your business and include one-time costs or yearly costs. These are NOT regular month-to-month expenses.

Accounting and legal..... \$ _____ +
 Renovations/leasehold improvements..... \$ _____ +
 Telephone hook up/Installation/Internet access..... \$ _____ +
 Office Supplies/ Business Cards..... \$ _____ +
 Initial Advertising..... \$ _____ +
 Business Licence/permits..... \$ _____ +
 Signage..... \$ _____ +
 Rental deposit..... \$ _____ +
 Other..... \$ _____ +

Total \$

COST OF GOODS

1. Is your business in Retail, Manufacturing, or Service Industry? Or is it a combination of more than one?

2. If you are in the Retail or Manufacturing industry think of the raw costs OR expenses required to manufacture or provide your product. Multiply by the number of units to be sold per month by total cost to obtain Cost of Goods (C.O.G.). Then consider how much you can sell for.

Item	Material cost (Wholesale)	Freight	Other (specify)	Total Cost (per unit)	#Units/ month	C.O.G.	Selling price (per unit)
E.g.: denim jeans	\$15.75	\$2.75		\$18.50	17	\$314.50	\$39.99

Monthly cost of goods \$

MANAGEMENT

1. Identify staff positions within your business including yourself. Provide a brief job description.

Position	Hourly Wage	# Hours per week	Monthly wage (# Hours/week * hourly wage * 52 weeks divided by 12 months)
E.g.: Manager	\$10.00	40	\$1733.33

Title:			

Total Monthly Wages => \$

2. Briefly provide descriptions/duties/responsibilities with regards to employees and/or managers (you can include: if you will use contracts, if they are seasonal, do you require benefits, your motivational techniques, specific roles and expectations...)

ADVERTISING

1. Check off the method(s) of advertising that will be used to promote your products or services and then estimate the yearly costs.

Newspaper	_____	_____
Radio	_____	_____
Yellow Pages	_____	_____
Pamphlets	_____	_____
Reader Board	_____	_____
Television	_____	_____
Other	_____	_____
Other	_____	_____
Total Yearly Costs		_____

2. To determine when your months for higher revenue might be, use the calendar below to estimate when your busier advertising months will be and how much you intend to spend on advertising.

- Circle the busiest months of the year
- Put an "X" through the 4 slowest months of the year.

Example: Yearly Advertising costs of \$1000.

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
\$20	\$20	\$20	\$50	\$175	\$175	\$175	\$20	\$45	\$50	\$50	\$200

Your yearly advertising costs _____

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec

PLACE OF BUSINESS

1. Is your business home-based, storefront, or other property type? Be specific.

2. Describe briefly the location of your business (reason for the choice of your location, accessibility, traffic counts, etc.) Are the businesses located around you compatible with yours? (You should contact at least 2 commercial real estate agents).

Premises Size _____ Sq. ft.

Landlord _____

Terms (length) of Lease _____

Rental Cost/month * \$
(Include common area cost, property tax, etc)

Utilities * \$

* If operating out of your home, you may use a portion of your rent and utilities costs as a business expense. To calculate this, estimate what percentage of the total square footage in your home will be used for your business. This same percentage is what you can use of your rental and utilities costs. Note: If you have a mortgage, you may only use a percentage of the interest, not the principal.

E.G.: Mary is using 200 sq ft. of her 1000sq ft home as an office. This is 20% of the space. Therefore she may claim 20% of her utilities and 20% of her rent as business expenses.

SUPPLIERS

List your suppliers and the terms and/or conditions of purchasing from them. Give addresses and phone numbers for contact. (Hint: try the yellow pages or Scott's Directory).

Business	Address	Contact Person	Phone	Terms (C.O.D., 30/60/90 days)

SELLING POLICY

1. Check off the Selling methods you will be using. Be sure to compare your policy to the competitors.

- Cash
- Cheques (Don't forget about an NSF fee)
- Credit terms (allowing clients 30,60 &/or 90 days to pay)
- Visa
- Master Card
- Amex
- Debit Card Services

2. List some of the costs associated with using the above forms of payment. (E.g.: Debit machine costs)

MARKET (refer to Statistical profile for local community information.)

1. Briefly describe your primary target market or customer. Fill in each one that applies to your business. Be as SPECIFIC as possible here.

Age range: _____

Income level:

Gender:

Marital Status:

of children or family size:

Occupation they might be:

Avg purchase price of product/service:

Frequency of purchases:

Leisure activities:

Buying habits:

1b. Comments and any other demographic statistics:

2. Explain the demand or need for your product or service – why you think this will work. (You may need to conduct surveys to determine the need.)

Industry trends

1. Is this industry growing or declining? Where will it be in 5 years? Provide some proof of this.

2. What are the past/present/future industry trends?

3. Could you be affected by technological changes? How could this affect your business?

COMPETITION

1. List the specific names of your competition (include products, services, price, size of market they hold, etc.) Please complete areas that are applicable. There is almost always a competitor- **do not leave blank.**

Name	Location	Product or Service	Price

COST OF OPERATIONS

List below, all of the regular monthly costs of doing business that are applicable to you. Do not include initial start up costs.

Expenses	Month #1	Month #2	Month #3	Month #4	Month #5	Month #6
1. Telephone (incl. cell)						
2. Utilities (page 9)						
3. Rent/lease/prop tax (page 9)						
4. Staff & Management wages (page 7)						
5. Advertising (page 8)						
6. Office Supplies						
7. Cost of Goods (page 6)						
8. Bank Charges						
9. Insurance						
10. Supplies						
11. Repair and Maintenance						
12. Vehicle Expense (gas, maintenance)						
13. Bookkeeping fee's						
14. Membership fee's						
15. loan Payment						
16. Other						
17. Other						
Total Monthly Operating expenses						

PROJECT COST SUMMARY

List all equipment, inventory, and start-up costs relating to the business here.

	Start-up Costs (page 4,5,6)		
1.	Total Inventory needed (total pg 4)	\$ _____	
2.	Total Equipment needed (total pg 5)	\$ _____	
3.	Additional start up costs	\$ _____	+
4.	TOTAL START UP COSTS (total lines 1-3)		\$ _____
	Cost of Operations (page 14)		+
5.	Enter 2 months of operating expenses		\$ _____
	Total Project Cost (total of lines 4+5)		=
6.			\$ _____
	Less: Personal Contribution		
7.	Equipment owned (page 4)	\$ _____	
8.	Inventory owned (page 5)	\$ _____	
9.	Personal Cash Contribution	\$ _____	-
10.	TOTAL Personal Contribution (total lines 7-9)		\$ _____
	Amount to be Borrowed (lines 6-10)		=
11.			\$ _____

As you further examine your idea, does it make sense to spend more time developing this idea?

If it does not make sense, this is not an unusual situation. Many good business ideas do not make good businesses. This could be because:

- You are trying to offer products/services to people who do not understand what is being offered.
- The price that must be charged to make a profit is more than what a customer will be willing to pay.
- There may be too many competitors offering the same or similar products/services.
- The costs to start this business are too high to achieve financing.

If any of those do exist, you should look at making changes or choosing a new idea. However, if your idea does make sense, your next step is to start envisioning what your business will look like!