

Business Plans



YOUR CA AND BUSINESS ADVISORY SERVICES

**The Business Advisory Services Committee
The Canadian Institute of Chartered Accountants**

Every business can benefit significantly by consulting your chartered accountant about business advisory services. CAs are skilled in accounting, auditing and tax services – and a lot more!

CAs can help you with:

- **profitability improvement**
- **financing and loan applications**
- **obtaining government grants and other financial assistance**
- **developing management information systems**
- **cost accounting**
- **planning and budgeting**
- **forecasting and evaluation**
- **risk assessment and insurance planning**
- **planning compensation programs**
- **business valuation**
- **feasibility studies for business expansion**
- **starting a new business**
- **acquiring a franchise**
- **planning for retirement and/or business succession**
- **integrating business tax planning with estate tax planning.**

These business advisory services are cost-effective because CAs have the knowledge of clients' organizations, operations, finances, personnel and tax situations.

Why Have a Business Plan?

“If you don’t know where you’re going, any road will take you there.”

A Business Plan is the vital document in mapping out the course of a company for a specific period of time. It sets out clearly where you are going and why. It identifies how you are going to get there, and who is responsible for the key success factors. It allows for the scheduling of activity and creates “milestones” for monitoring progress. Normally, the Business Plan focus is on the coming year, with general attention given to the ensuing one to four years.

In addition to setting out the overriding direction for the business, the Plan can provide other side benefits:

- the planning process will identify areas of strength and weakness in current operations
- it can communicate a sense of purpose and direction to employees
- it provides a benchmark against which to measure business and employee performance
- it provides an accepted framework for future decision-making.

And, of course, a Business Plan is necessary when applying for financing, especially for start-ups and capital for expansion.

As a Business Plan is a *set of management decisions about what a firm will be doing to succeed*, it is a key management tool, as well as an essential for raising capital.

Not only do the potential lenders need to know that you are on the right track, but *you* must also know this before you make major business decisions and start committing your resources.

What's Involved?

A Business Plan will address the key business areas, such as:

1. Marketing and sales strategy
2. Production or service strategy
3. Research & development
4. Organization and management
5. Financial Strategy

How to Go About Preparing the Plan

The most essential ingredient in a Business Plan is commitment from the top. The next step is to get the key players involved (this will pay dividends in the future in the commitment of your key people to the plan).

THE STEPS

- Understanding your Situation
- Setting Goals for the Business
- Developing Operating Plans
- Developing Financial Plans
- Producing the Total Plan

The length, complexity and cycle of the Plan will depend on the complexity of your business operations and whether your business environment is relatively stable or unpredictable. The Plan should, however, be kept simple and concise, thus requiring disciplined writing and careful editing. Graphs and charts should be used to reinforce your message and eliminate excess words.

When the process is complete and the Plan is adopted, activity is scheduled to ensure that

everyone in the business is steering in the same direction.

The one to three page overview or executive summary that heads up the Business Plan is the last part to be written.

The Business Plan and Applications for Financing

To make a good impression on potential lenders, and catch and hold their interest, the Plan must be professional. For example, a lender will not accept a subjective promotion of marketing strengths; what is required is well prepared and credible supporting information. This will cover objectives, organization, industry norms and information, key management profiles, financial status, marketing plans, cash flow, growth projections and contingency plans.

Without this information provided up front, financing negotiations can become frustrating and unproductive exercises for both the client and the lender.

Why Your CA?

Your CA knows your business and is experienced in developing Business Plans and in making financing presentations. As your CA knows the proper format and the type of information required, your CA is a valuable addition to your Business Planning team and you get the right Plan for you.
