

BUSINESS PLAN

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BUSINESS PLAN

SECTION 1

Business overview

In this section, you give a brief description of your company and where it stands in the marketplace

ADDRESS

LEGAL NAME	Sally Creative	
TRADE NAME	Creative Interiors	
BUSINESS ADDRESS	1960 Springfield Road, Kelowna, BC V1Y 5V7	
PHONE & FAX	250-762-7331	250-762-7531
E-MAIL	sc@shaw.ca	

**DESCRIPTION OF
YOUR BUSINESS**

We are a bookkeeping office. The bookkeeping services 75% of gross sales while the income tax services 25%. The company started in 1985 servicing Kelowna and after one year branched out to West Kelowna and Lake Country areas. We service small to medium size businesses giving financial and management support.

**MAJOR ECONOMIC,
DEMOGRAPHIC,
SOCIAL, &
CULTURAL FACTORS**

Bookkeeping is a service that fits well with all new and established businesses. Our market niche is fairly well protected as there are many entrepreneurs starting their own businesses and looking for bookkeepers to help them with finances, record keeping and income tax. In addition, we are starting an electronic payroll deposit department geared to those clients with payroll needs.

**MAJOR PLAYERS
(SUPPLIERS, DISTRIBUTOR,
CLIENTS)**

The bookkeeping industry is very concentrated, with offices occupying 55% of the market. With a large number of small to medium size businesses, bookkeeping services are highly in demand and with our payroll department; it is becoming a one stop shopping for our clients. They will now have the benefit of a full service bookkeeping office.

**NATURE OF THE
INDUSTRY**

The bookkeeping industry is stable, providing financial and management services to clients. We offer a wide range of services from data entry covering 60% of the daily duties, followed by payroll reconciliation of accounts, government remittances, year end, and income tax covering 40%.
Even in tough times, businesses need bookkeeping services to keep on top of finances and government obligations.

TRENDS IN THE INDUSTRY

While bookkeeping services are provided all year round, income tax covers four months out of the year. Services are provided monthly, quarterly, or yearly basis depending on the company. Government obligations must be met regularly.

GOVERNMENT REGULATIONS

Bookkeepers adhere to the Generally Accepted Accounting Principal (GAAP) set by accounting standards across the world as well as rules and guidelines set by Canada Revenue Agency (CRA). Yearly business license with the city.

THE MARKET

MARKET SEGMENT

The bookkeeping industry is very strong. Many businesses would rather hire a bookkeeper than an accountant. The big difference is money. Although both are important to have, accountants are mainly used for analyzing the financial strategies of a business and bookkeepers track day to day finances and work closely with the business owner.

PRODUCTS & SERVICES

We use a software program recognized by accountants and Canada Revenue Agency. Monthly financial statements are provided to clients as well as payment obligations for all government taxes are met on a regular basis. Data entry is the major part of our daily duties followed by GST, PST, payroll, reconciliation, and month end analysis. Meeting and discussing finances is a big part of our business and a benefit to our clients.

PRICING AND DISTRIBUTION

Compared to our competitors, our pricing is in the top 30% of the industry. Our office is centrally located servicing clients from West Kelowna to Lake Country. We are adding to our existing services, cash flow, budgeting, and corporate income tax.

We provide pick up and delivery of documents.

MARKET TRENDS

3 out of 4 businesses need a bookkeeper. With the internet and self-help books, some clients have taken on the bookkeeping task. But they cannot concentrate on running their business and soon they will hire a professional. The demand for bookkeepers is high, especially with the new government taxes and responsibilities. Business owners would feel better knowing their finances are being taken care of by a professional.

IMPLICATIONS OR RISK FACTORS

The bookkeeping service relies more on monthly data entry than income tax. It continues to rely on its basic strengths, which are:

- Superior Quality Service
- Customize each customer to their own unique industry
- Access to all government forms and related bulletins
- Price advantage compared to other bookkeepers
- Having the latest government tax updates

PLANNED RESPONSE

Our marketing approach has shifted to address the franchise industry with a concentration on restaurants, coffee shops, and gas stations, providing promotional literature and customer satisfaction surveys.

Our focus will be on bookkeeping services with an expansion on training and tutoring.

YOUR COMPETITION

COMPETITORS AND TYPE OF COMPETITION

In bookkeeping, the only competitors are the accountants whom hold a designation for CA, CMA, and CGA and this is a good competition.

Accountants do not provide the day to day bookkeeping to their clients. It is to the bookkeeper's advantage to know as many accountants as possible to get referrals.

COMPETITORS STRENGTHS AND WEAKNESSES

Major strengths of large accountant offices lie in the economics of scale given by their broad approach to the marketplace. The large size of these companies allows them better access to businesses across the country.

Accounting firms do not take bookkeeping clients. They are established in completing income taxes, setting up corporations, and trust accounts. Their fees are higher for the average business to afford.

Our office will provide bookkeeping services essential for business growth.

COMPETITIVE ADVANTAGE

Bookkeeping is a niche market. Our office fills the gap between what the accountants will provide and what bookkeepers will provide.

Both are important in the business cycle of a company.

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SECTION 2 SALES AND MARKETING PLAN

If you are starting up and do not yet have clients, you should still contact potential clients and suppliers and include letters of intent and market research information to help show your sales potential.

CUSTOMERS

	Name / Address	Terms	Product / Service
1	Joe's Landscaping services 1269 Weather Road West Kelowna, BC	30 days	Quarterly bookkeeping with GST filing
2	Sunny B&B 791 Otter Road Kelowna, BC	30 days	Monthly bookkeeping with payroll
3	Rosewood Restaurant 1327 Hwy 97 Lake Country, BC	15 days	Monthly bookkeeping, payroll, GST, bank reconciliation, financials

Example of letter of intent:

Bookkeeping is an important key to having business success. With a clear financial picture, you'll be able to grow your business. By hiring a bookkeeper you will be able to save money, focus on what you do best, be financially secure, and lower your stress. In the past 24 years, I have helped many businesses get a handle on bookkeeping needs. Call me anytime to review our services that best fits your needs.

ADVERTISING AND PROMOTIONS

Communication efforts consist of flyers, specials, signage and displays. Repetition is the key to success. Flyers are the best source of advertising for bookkeepers and every 3 months we send out mass flyers.

PRICING AND DISTRIBUTION

Pricing in our market is very competitive. Bookkeeping can be a shared task and our clients like the flexibility that we give them. We offer pick up and delivery service of documents, bank deposits, and paying bills on-line or at the bank.

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SECTION 3 OPERATING PLAN

In this section, describe the physical aspect of your business operations: your location, current and future capacity, lease details, your equipment and technological requirements, and any environmental or other regulations that apply.

LOCATION

We are centrally located occupying the second floor of a two story building.

SIZE AND CAPACITY

The 900 square foot office space holds front reception, work space for 4 employees, conference room and lunch room.

ADVANTAGES OR DISADVANTAGES

The office is located on a major 4 lane street. It has large windows with no traffic sound penetrating through with good view of mountains and ample parking space.

However, it is not wheelchair friendly and we are the farthest office away from the front entrance.

EQUIPMENT, FIXTURES AND FURNITURE

Our color scheme flows throughout the office, with matching desks, chairs, and cabinets. The paint is a natural color that gives our clients a warm feeling. Our computers are 2 years old with flat screen monitors easy on the eyes. We are set up for internet connection for daily communication.

FUTURE EXPENDITURES, TECHNOLOGY REQUIREMENTS

While functional for today's service levels, new equipment will be required to incorporate the company's growth. To protect the data from viruses, a stand alone computer is needed for internet functions. Having a designated printer with all computers linked to it. A phone system housing 2 lines will make the office run more smoothly.

RESEARCH AND DEVELOPMENT

Our R&D efforts have centered on automatic payroll service and determining what section of financial information is most important to businesses.

ENVIRONMENTAL COMPLIANCE

There is not any environmental compliance needed for our office.

ADDITIONAL INFORMATION

There are several empty offices in our building for future expansion

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SECTION 4 HUMAN RESOURCES PLAN

This section details your human resources plan: key staff, policies and procedures. If your business is expanding, indicate what future resources will be needed.

KEY EMPLOYEES

NAME OR TITLE OF POSITION	KEY RESPONSIBILITIES	QUALIFICATIONS
1- Payroll Clerk	Processing payroll, entering new employees, record of employment, T4, and summary	previous payroll experience
2-Data entry clerk	Processing all payables, receivables, receipt entries, and receptionist	Financial accounting 1
3- Bookkeeper	Reconciling accounts, review financial statements, meet with clients, file government documents, and remittances	Financial accounting 1 and 2

ADDITIONAL INFORMATION

The company plans to add a work station for a full time data entry clerk and part time payroll assistance. This is a direct result of the expansion plan.

POLICIES AND PROCEDURES

HOURS OF
OPERATION

8:30 AM TO 5:00 PM, 5 days per week and sometimes Saturday.

NUMBER OF
EMPLOYEES

3 full time and one manager.

VACATION
PROGRAM

Each employee has a 2 week vacation yearly.

PERFORMANCE
ASSESSMENT

Performance assessment is done yearly in mid-March. Productivity and quality are our two main criteria's.

TRAINING AND
DEVELOPMENT

Presently most of the company's training is done in-house with employee members. The manager will deal with more specific policies and government questions.

SALARIES
AND BENEFITS

Benefits and salaries are comparable to those in the industry and overtime hours are sometimes required. A profit sharing incentive plan is made for the future as well as health and benefit packages.

This section details the future action the business plans to take, usually over the next 2 to 3 years.

ACTION PLAN	BY WHEN
1 Develop sales brochures for advertising	September 2010
2 Sign up 5 new clients	November 2010
3 Changing current carpet to tile	March 2010
4 Implement bookkeeping procedures to be followed by all employees	January 2011
5 Set up a computer designated for internet	March 2012

ADDITIONAL INFORMATION

For the coming 2 to 3 years, all our major activities are focused on market development, bookkeeping procedures and standards.

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SECTION 6 EXCLUSIVE SUMMARY

In this section, you provide a summary of the reasons you are seeking financing, together with a summary of your business operations.

OBJECTIVES AND DESCRIPTION OF THE PROJECT

Our general goal in the next 5 years is to increase sales, primarily in the franchise section. The ultimate goal is to achieve 50% of gross sales from bookkeeping while developing our payroll department.

BUSINESS HISTORY AND NATURE OF OPERATION

The business started operating in 1985 as a sole proprietorship. At the start the company provided monthly bookkeeping services to small businesses. After having received several requests for payroll, income tax, and financial assistance we decided to allocate further resources to meet the demand. The segment became the major part of our operation.

PRODUCT AND SERVICES

Our office executes bookkeeping for over 120 customers monthly and that number increased to 180 at government tax time. Our clients get one on one service discussing all the aspects of their bookkeeping and financial business situation.

PROJECT FINANCING

Building renovation	\$15,000.
Office furniture	5000.
Computer equipment	<u>3000.</u>
Total required	\$23,000.

MANAGEMENT AND ADVISORS

Jill Morrison, owner and operator.
41 years old, over 20 years experience with bookkeeping industry. 12 years employed as a bookkeeper for local companies. Main responsibilities: marketing, business planning, and financial operations.

RISK ASSESSMENT AND CONTINGENCY PLAN

Application is submitted for a bank line of credit. We have already increased our hourly rate by 5% to be more in line with the market. The renovations for the office will add value to our work place.

FINANCIAL
INSTITUTION

Name: Toronto Dominion Bank
Branch: Kelowna
Address: 2000 Smith Street
City: Kelowna, BC
Postal Code: V1Y 1V1
Telephone: 250-763-1525
Fax: 250-763-4578
Name and Title of Contact: Steve Willits, Branch Manager

This business plan was prepared by Sally Creative, owner and operator of Sally Creative.