

Business Planning Workshop



The Toronto CED Learning Network

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Stay tuned for more details about our follow-up workshop coming soon.

Why community business?

- when no jobs are available to fit your skills
- helps a specific neighbourhood or group of people
- work in a nurturing environment with people that understand and support you
- learn new skills in a safe environment
- improve your economic independence
- help community members in some way

So, you want to go into CED?

Keep this in mind.

- it'll take a while.
- plan a series of brainstorming sessions to determine what you, as a group, want to do.
- find out what's required of the business you're interested in.
- get a taste of what that business would be like on an everyday basis.

Skills Inventory Checklist

Please check off any of the skills or abilities that apply to you.

Health Care:

- | | | | | | |
|---|------------------|--------------------------|-------------------------|--------------------------|----------------------------|
| <input type="checkbox"/> <input type="checkbox"/> | for the elderly | <input type="checkbox"/> | bathing | <input type="checkbox"/> | exercising and escorting |
| <input type="checkbox"/> <input type="checkbox"/> | for the sick | <input type="checkbox"/> | feeding | <input type="checkbox"/> | grooming |
| <input type="checkbox"/> <input type="checkbox"/> | for the disabled | <input type="checkbox"/> | preparing special diets | <input type="checkbox"/> | dressing |
| <input type="checkbox"/> <input type="checkbox"/> | _____ | <input type="checkbox"/> | _____ | <input type="checkbox"/> | making person feel at ease |
| | | | | <input type="checkbox"/> | _____ |

Office:

- | | | | | | |
|---|-----------------|--------------------------|---------------------------|--------------------------|-------------------------------|
| <input type="checkbox"/> <input type="checkbox"/> | word processing | <input type="checkbox"/> | composing letters | <input type="checkbox"/> | use spreadsheet programs |
| <input type="checkbox"/> <input type="checkbox"/> | receptionist | <input type="checkbox"/> | bookkeeping | <input type="checkbox"/> | filing |
| <input type="checkbox"/> <input type="checkbox"/> | photocopying | <input type="checkbox"/> | keeping track of supplies | <input type="checkbox"/> | use computer graphic programs |
| <input type="checkbox"/> <input type="checkbox"/> | _____ | <input type="checkbox"/> | _____ | <input type="checkbox"/> | _____ |

Construction and Repair:

- | | | | | | |
|---|-------------------------------------|--------------------------|--------------------------------|--------------------------|------------------------------|
| <input type="checkbox"/> <input type="checkbox"/> | painting | <input type="checkbox"/> | furniture repair | <input type="checkbox"/> | plumbing repairs |
| <input type="checkbox"/> <input type="checkbox"/> | tearing down buildings | <input type="checkbox"/> | repairing locks | <input type="checkbox"/> | electrical repairs |
| <input type="checkbox"/> <input type="checkbox"/> | knocking out walls | <input type="checkbox"/> | building garages | <input type="checkbox"/> | bricklaying & masonry |
| <input type="checkbox"/> <input type="checkbox"/> | wallpapering | <input type="checkbox"/> | tile work | <input type="checkbox"/> | cabinetmaking |
| <input type="checkbox"/> <input type="checkbox"/> | porch construction/repair | <input type="checkbox"/> | building room additions | <input type="checkbox"/> | bathroom modernisation |
| <input type="checkbox"/> <input type="checkbox"/> | kitchen modernisation | <input type="checkbox"/> | furniture making | <input type="checkbox"/> | installing dry wall & taping |
| <input type="checkbox"/> <input type="checkbox"/> | plastering | <input type="checkbox"/> | soldering & welding | <input type="checkbox"/> | installing insulation |
| <input type="checkbox"/> <input type="checkbox"/> | installing floor coverings | <input type="checkbox"/> | repairing chimneys | <input type="checkbox"/> | concrete work (sidewalks) |
| <input type="checkbox"/> <input type="checkbox"/> | tuckpointing | <input type="checkbox"/> | cleaning chimneys | <input type="checkbox"/> | putting on siding |
| <input type="checkbox"/> <input type="checkbox"/> | building swimming pools | <input type="checkbox"/> | carpentry skills | <input type="checkbox"/> | installing windows |
| <input type="checkbox"/> <input type="checkbox"/> | heating/cooling system installation | <input type="checkbox"/> | roofing repair or installation | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> <input type="checkbox"/> | _____ | <input type="checkbox"/> | _____ | <input type="checkbox"/> | _____ |

Maintenance:

- | | | | | | |
|---|------------------------|--------------------------|----------------------|--------------------------|----------------------------|
| <input type="checkbox"/> <input type="checkbox"/> | window washing | <input type="checkbox"/> | gardening | <input type="checkbox"/> | floor waxing/mopping |
| <input type="checkbox"/> <input type="checkbox"/> | using a handtruck | <input type="checkbox"/> | caulking | <input type="checkbox"/> | general household cleaning |
| <input type="checkbox"/> <input type="checkbox"/> | cleaning carpets | <input type="checkbox"/> | fixing leaky faucets | <input type="checkbox"/> | wood stripping/refinishing |
| <input type="checkbox"/> <input type="checkbox"/> | routing clogged drains | <input type="checkbox"/> | mowing lawns | <input type="checkbox"/> | floor sanding/stripping |
| <input type="checkbox"/> <input type="checkbox"/> | _____ | <input type="checkbox"/> | _____ | <input type="checkbox"/> | _____ |

Food:

- | | | |
|--|--------------------------------------|--|
| <input type="checkbox"/> <input type="checkbox"/> serving food to >10 | <input type="checkbox"/> catering | <input type="checkbox"/> preparing meals for >10 |
| <input type="checkbox"/> <input type="checkbox"/> washing dishes for >10 | <input type="checkbox"/> bartending | <input type="checkbox"/> clearing/setting tables for >10 |
| <input type="checkbox"/> <input type="checkbox"/> baking | <input type="checkbox"/> meatcutting | <input type="checkbox"/> _____ |
| <input type="checkbox"/> <input type="checkbox"/> _____ | <input type="checkbox"/> _____ | <input type="checkbox"/> _____ |

Child Care:

- | | | |
|--|---------------------------------------|--|
| <input type="checkbox"/> <input type="checkbox"/> infants <1 year | <input type="checkbox"/> children 1-6 | <input type="checkbox"/> children 7-13 |
| <input type="checkbox"/> <input type="checkbox"/> taking children on field trips | <input type="checkbox"/> _____ | <input type="checkbox"/> _____ |
| <input type="checkbox"/> <input type="checkbox"/> _____ | <input type="checkbox"/> _____ | <input type="checkbox"/> _____ |

Transportation:

- | | | |
|--|--|---|
| <input type="checkbox"/> <input type="checkbox"/> car | <input type="checkbox"/> van | <input type="checkbox"/> bus |
| <input type="checkbox"/> <input type="checkbox"/> taxi | <input type="checkbox"/> tractor trailer | <input type="checkbox"/> commercial truck |
| <input type="checkbox"/> <input type="checkbox"/> delivering goods | <input type="checkbox"/> hauling | <input type="checkbox"/> farm equipment |
| <input type="checkbox"/> <input type="checkbox"/> ambulance | <input type="checkbox"/> _____ | <input type="checkbox"/> _____ |
| <input type="checkbox"/> <input type="checkbox"/> _____ | <input type="checkbox"/> _____ | <input type="checkbox"/> _____ |

Operating Equipment and Repairing Machinery:

- | | | |
|--|---|--|
| <input type="checkbox"/> <input type="checkbox"/> repairing computers | <input type="checkbox"/> repairing cars | <input type="checkbox"/> repairing radios, tvs & VCRs |
| <input type="checkbox"/> <input type="checkbox"/> repairing trucks/buses | <input type="checkbox"/> using a forklift | <input type="checkbox"/> repairing small appliances |
| <input type="checkbox"/> <input type="checkbox"/> repairing heating & air conditioning systems | <input type="checkbox"/> assembling items | <input type="checkbox"/> repairing auto/truck/bus bodies |
| <input type="checkbox"/> <input type="checkbox"/> fixing washers/dryers | <input type="checkbox"/> operating a dump truck | <input type="checkbox"/> repairing large household equipment |
| <input type="checkbox"/> <input type="checkbox"/> repairing elevators | <input type="checkbox"/> _____ | <input type="checkbox"/> _____ |
| <input type="checkbox"/> <input type="checkbox"/> _____ | <input type="checkbox"/> _____ | <input type="checkbox"/> _____ |

Supervision:

- | | | |
|--|--|--|
| <input type="checkbox"/> <input type="checkbox"/> writing reports | <input type="checkbox"/> filling out forms | <input type="checkbox"/> planning work for others |
| <input type="checkbox"/> <input type="checkbox"/> directing work of others | <input type="checkbox"/> making a budget | <input type="checkbox"/> keeping records of activities |
| <input type="checkbox"/> <input type="checkbox"/> interviewing people | <input type="checkbox"/> _____ | <input type="checkbox"/> _____ |
| <input type="checkbox"/> <input type="checkbox"/> _____ | <input type="checkbox"/> _____ | <input type="checkbox"/> _____ |

Sales:

- | | | |
|---|--|--|
| <input type="checkbox"/> <input type="checkbox"/> operating a cash register | <input type="checkbox"/> retail products | <input type="checkbox"/> retail services |
| <input type="checkbox"/> <input type="checkbox"/> door-to-door selling | <input type="checkbox"/> phone sales | <input type="checkbox"/> mail sales |
| <input type="checkbox"/> <input type="checkbox"/> store sales | <input type="checkbox"/> home sales | <input type="checkbox"/> selling wholesale or through manufacturer |
| <input type="checkbox"/> <input type="checkbox"/> _____ | <input type="checkbox"/> _____ | <input type="checkbox"/> _____ |

Music:

- | | | |
|---|---|--------------------------------|
| <input type="checkbox"/> <input type="checkbox"/> singing | <input type="checkbox"/> playing instrument | <input type="checkbox"/> _____ |
| <input type="checkbox"/> <input type="checkbox"/> _____ | <input type="checkbox"/> _____ | <input type="checkbox"/> _____ |

Security:

- | | | |
|---|--|--|
| <input type="checkbox"/> <input type="checkbox"/> installing security systems | <input type="checkbox"/> crowd control | <input type="checkbox"/> guarding residential property |
| <input type="checkbox"/> <input type="checkbox"/> ushering at major events | <input type="checkbox"/> firefighting | <input type="checkbox"/> guarding commercial property |
| <input type="checkbox"/> <input type="checkbox"/> repairing security systems | <input type="checkbox"/> armed guard | <input type="checkbox"/> guarding industrial property |
| <input type="checkbox"/> <input type="checkbox"/> _____ | <input type="checkbox"/> _____ | <input type="checkbox"/> _____ |

Other:

- | | | |
|--|---|---|
| <input type="checkbox"/> <input type="checkbox"/> upholstering | <input type="checkbox"/> sewing | <input type="checkbox"/> moving furniture/equipment |
| <input type="checkbox"/> <input type="checkbox"/> crocheting/knitting | <input type="checkbox"/> tailoring | <input type="checkbox"/> managing property |
| <input type="checkbox"/> <input type="checkbox"/> helping in classroom | <input type="checkbox"/> haircutting/dressing | <input type="checkbox"/> phone surveys |
| <input type="checkbox"/> <input type="checkbox"/> jewellery/watch repair | <input type="checkbox"/> _____ | <input type="checkbox"/> _____ |
| <input type="checkbox"/> <input type="checkbox"/> _____ | <input type="checkbox"/> _____ | <input type="checkbox"/> _____ |

What are your three best skills?

1. _____
2. _____
3. _____

The next question is, how does a skill become a business?

Business Selection Checklist

Business Idea	Your skills	Your knowledge	Your experience	How hard is it to get started?	How many others already do this?	Total

Business Idea:

List your ideas in order of interest. Rate each on a scale of 0-3 based on the following criteria.

0 = none 1 = below average 2 = average 3 = above average

Your Knowledge of the Business:

How much do you know about the area? Will you have to spend extra time and money teaching yourself the business? Will you have to team with another person or agency because you don't know the business well enough?

0 = no knowledge 1 = indirect knowledge 2 = limited knowledge 3 = working knowledge

Your Experience in the Field:

Have you ever worked in this type of business before? To what extent is hands-on experience crucial?

0 = no experience 1 = indirect experience 2 = limited experience 3 = familiar with business

Your Skills:

To what extent do you have the skills unique to each business?

0 = none 1 = limited skills 2 = some skills 3 = extensive skills

Ease of Entry:

Think both of the costs of entering the business and of the competitive barriers that might exist. For example, a service business that you can run from your home might be inexpensive to start, but if several others are already providing that service, entry in the field may be difficult.

0 = crowded field 1 = limited entry 2 = mix of large and small competitors 3 = unrestricted entry

Uniqueness

Uniqueness does not necessarily mean that no one else is providing the same product or service. It may be that no one is providing it the way you are, or in your area or packaged in quite the same way. You're looking for some way to distinguish your product or service from others who are already in the business.

0 = widely available 1 = few to several competitors 2 = 1-2 competitors 3 = no competitors

Total up the numbers

- eliminate any of your ideas that scored less than a total of 10
- eliminate any of your ideas that did not score at least a 2 in every category
- eliminate any of your ideas that did not score at least a 3 in the uniqueness category

How many ideas are left? If the answer is “none,” then you need to use the list to identify where you need to improve and you need to develop a strategy for raising the “1s” to “2s” or “3s”. If the answer is “more than one,” you have a pleasant dilemma; a choice of which business to start. If the answer is “one,” you may have just found the business that’s perfect for you.

Why a business plan?

- to have an objective way of deciding whether these goals are realistic
- to determine how your business fits into the values, beliefs and needs of your community
- to help you determine your goals
- to create a path to reach those goals
- to show others you know what you're doing

Talk to People

- talk to people in your community—where do they see a need?
- talk to people in a similar field from CEDs and the private sector

Market Testing

- visit the competition —how do they do things?
- ask potential customers to fill out questionnaires to give you the information you need
- give out free samples and ask for feedback
- set up a mini-store and try selling your product/service at different locations
- bring a focus group of 6-8 people together and ask them to talk about your product/service

Sample Market Test Questionnaire For Potential Customers

1. Have you bought _____ (your product or service, e.g. cleaning supplies)
- in the past week in the past month in the past year
 ever never
2. How much would you pay for _____ (your product or service)? _____
3. How often would you buy _____ (your product or service)? _____
- once a day once a week once a month
 once a year other _____
4. What **three** qualities are most important in your buying decision?
- variety convenience cost
 service specialization uniqueness
 durability easy-to-use experience
 good retail location _____ _____
5. Please finish the following sentences:
- I wish _____ (your product/service) was **more** _____.
- I wish _____ (your product/service) was **less** _____.
- If only _____ (your product or service) could be _____.
6. Gender:
- male female
7. Age:
- less than 18 18-35 36-50
 56-65 65+
8. Annual Household Income:
- less than \$10,000 \$10,000 - \$20,000 \$20,000 - \$30,000
 \$30,000 - \$50,000 more than \$50,000

Additional comments or suggestions?

Where can I get money for start-up?

- family
- many funders have funding information on their websites on the Net
- community development corporations
- community banks
- Christian Resource Centre's DEED program
- talk to business people in your area or community organizations
- talk to your local union
- Metrofund
- hold a fundraiser
- the Centre for Philanthropy has information about sources of funding
- consider in-kind donations

Selling Points and Features Analysis

These are the qualities and features that make it possible for your product or service to deliver the benefits the customer is buying. They represent the logical, rather than the emotional reasons to buy. Check off all those listed which apply, then add any other specific selling points that could be added to describe your own product, service or store.

My product offers:

- | | | |
|--|---|--|
| <input type="checkbox"/> quality | <input type="checkbox"/> durability | <input type="checkbox"/> convenient weight |
| <input type="checkbox"/> elegance | <input type="checkbox"/> beauty | <input type="checkbox"/> styling |
| <input type="checkbox"/> workmanship | <input type="checkbox"/> colours | <input type="checkbox"/> size convenience |
| <input type="checkbox"/> hand finished | <input type="checkbox"/> antique | <input type="checkbox"/> contemporary |
| <input type="checkbox"/> easy-to-use | <input type="checkbox"/> easy-to-install | <input type="checkbox"/> easy-to-carry |
| <input type="checkbox"/> efficient functioning | <input type="checkbox"/> special finish | <input type="checkbox"/> strength |
| <input type="checkbox"/> variety of colours | <input type="checkbox"/> variety of sizes | <input type="checkbox"/> movable parts |
| <input type="checkbox"/> easy-to-clean | <input type="checkbox"/> investment value | <input type="checkbox"/> _____ |
| <input type="checkbox"/> _____ | <input type="checkbox"/> _____ | <input type="checkbox"/> _____ |
| <input type="checkbox"/> _____ | <input type="checkbox"/> _____ | <input type="checkbox"/> _____ |

My service offers:

- | | | |
|--|--|---|
| <input type="checkbox"/> specialized knowledge | <input type="checkbox"/> specialized skills | <input type="checkbox"/> experience in the field |
| <input type="checkbox"/> efficient service | <input type="checkbox"/> fast service | <input type="checkbox"/> top quality service |
| <input type="checkbox"/> availability of service | <input type="checkbox"/> luxury of service | <input type="checkbox"/> convenient service hours |
| <input type="checkbox"/> flexible service hours | <input type="checkbox"/> timeliness of service | <input type="checkbox"/> cost-efficiency of service |
| <input type="checkbox"/> uniqueness of service | <input type="checkbox"/> _____ | <input type="checkbox"/> _____ |
| <input type="checkbox"/> _____ | <input type="checkbox"/> _____ | <input type="checkbox"/> _____ |
| <input type="checkbox"/> _____ | <input type="checkbox"/> _____ | <input type="checkbox"/> _____ |

My store offers:

- | | | |
|---|---|--|
| <input type="checkbox"/> convenient location | <input type="checkbox"/> free delivery | <input type="checkbox"/> good customer service |
| <input type="checkbox"/> wide range of products | <input type="checkbox"/> depth of stock | <input type="checkbox"/> convenient shopping hours |
| <input type="checkbox"/> top quality products | <input type="checkbox"/> low prices | <input type="checkbox"/> _____ |
| <input type="checkbox"/> _____ | <input type="checkbox"/> _____ | <input type="checkbox"/> _____ |
| <input type="checkbox"/> _____ | <input type="checkbox"/> _____ | <input type="checkbox"/> _____ |

Other ideas:

- | | | |
|--------------------------------|--------------------------------|--------------------------------|
| <input type="checkbox"/> _____ | <input type="checkbox"/> _____ | <input type="checkbox"/> _____ |
|--------------------------------|--------------------------------|--------------------------------|

Timing Analysis

How often does my product have to be replaced or my service need to be done once more?

- | | | |
|--|--|--|
| <input type="checkbox"/> every week | <input type="checkbox"/> every few weeks | <input type="checkbox"/> once a month |
| <input type="checkbox"/> once every few months | <input type="checkbox"/> twice a year | <input type="checkbox"/> once a year |
| <input type="checkbox"/> every two years | <input type="checkbox"/> every 3-5 years | <input type="checkbox"/> every 5-10 years |
| <input type="checkbox"/> > 10 years | <input type="checkbox"/> never needs replacement | <input type="checkbox"/> constantly needs replacement as it is used up |
| <input type="checkbox"/> irregularly as the customer needs arise | <input type="checkbox"/> _____ | <input type="checkbox"/> _____ |

Is there a specific season of the year in which my product or service sells best or is most often used?

- Yes No When? _____

Is my product or service available year-round?

- Yes No

Do customers need or want my products or services year-round?

- Yes No

Do my competitors offer their products/services more or less frequently than I do?

- less more about the same

Is there a specific time of the day, week or month during which my product or service best fills my customer's needs?

- day: when _____ week: when _____ month: when _____

When is (are) the best time(s) to contact customers about my product or services? Do I contact them at that time?

- | | |
|--|---|
| <input type="checkbox"/> time of day: when _____ | <input type="checkbox"/> time of week: when _____ |
| <input type="checkbox"/> time of month: when _____ | <input type="checkbox"/> time of year: when _____ |

Competitive Analysis

Competitor: _____

Their product offers:

- | | | |
|--|---|--|
| <input type="checkbox"/> quality | <input type="checkbox"/> durability | <input type="checkbox"/> convenient weight |
| <input type="checkbox"/> elegance | <input type="checkbox"/> beauty | <input type="checkbox"/> styling |
| <input type="checkbox"/> workmanship | <input type="checkbox"/> colours | <input type="checkbox"/> size convenience |
| <input type="checkbox"/> hand finished | <input type="checkbox"/> antique | <input type="checkbox"/> contemporary |
| <input type="checkbox"/> easy-to-use | <input type="checkbox"/> easy-to-install | <input type="checkbox"/> easy-to-carry |
| <input type="checkbox"/> efficient functioning | <input type="checkbox"/> special finish | <input type="checkbox"/> strength |
| <input type="checkbox"/> variety of colours | <input type="checkbox"/> variety of sizes | <input type="checkbox"/> movable parts |
| <input type="checkbox"/> easy-to-clean | <input type="checkbox"/> investment value | <input type="checkbox"/> _____ |
| <input type="checkbox"/> _____ | <input type="checkbox"/> _____ | <input type="checkbox"/> _____ |
| <input type="checkbox"/> _____ | <input type="checkbox"/> _____ | <input type="checkbox"/> _____ |

Their service offers:

- | | | |
|--|--|---|
| <input type="checkbox"/> specialized knowledge | <input type="checkbox"/> specialized skills | <input type="checkbox"/> experience in the field |
| <input type="checkbox"/> efficient service | <input type="checkbox"/> fast service | <input type="checkbox"/> top quality service |
| <input type="checkbox"/> availability of service | <input type="checkbox"/> luxury of service | <input type="checkbox"/> convenient service hours |
| <input type="checkbox"/> flexible service hours | <input type="checkbox"/> timeliness of service | <input type="checkbox"/> cost-efficiency of service |
| <input type="checkbox"/> uniqueness of service | <input type="checkbox"/> _____ | <input type="checkbox"/> _____ |
| <input type="checkbox"/> _____ | <input type="checkbox"/> _____ | <input type="checkbox"/> _____ |
| <input type="checkbox"/> _____ | <input type="checkbox"/> _____ | <input type="checkbox"/> _____ |

Their store offers:

- | | | |
|---|---|--|
| <input type="checkbox"/> convenient location | <input type="checkbox"/> free delivery | <input type="checkbox"/> good customer service |
| <input type="checkbox"/> wide range of products | <input type="checkbox"/> depth of stock | <input type="checkbox"/> convenient shopping hours |
| <input type="checkbox"/> top quality products | <input type="checkbox"/> low prices | <input type="checkbox"/> _____ |
| <input type="checkbox"/> _____ | <input type="checkbox"/> _____ | <input type="checkbox"/> _____ |
| <input type="checkbox"/> _____ | <input type="checkbox"/> _____ | <input type="checkbox"/> _____ |

What do they offer their customers? _____

Which of my customer groups are they serving? _____

What can I offer customers that they can't? _____

How am I unique in the marketplace? _____

Customer/Prospect Profile Worksheet (for Business-Related Products/Services)

Check off and specify the customer characteristics that are important to you .

For business-related products or services, the key qualities of my business prospect are:

- kind of business _____
- size of business _____
- location of business _____
- are pro-CED _____
- past spending on my product _____
- who they sell to _____
- _____

The important qualities of my key business contact are:

- person's position _____
- someone I know _____
- key decisionmaker _____
- is pro-CED _____
- someone I've been referred to _____
- _____

Where I can source these prospects:

- Scott's Business Directory (Metropolitan Toronto version)
- Yellow Pages _____
- ask people in that industry for prospects _____
- _____

Customer/Prospect Profile Worksheet (for Personal, Family or Home-Oriented Products/Services)

Check off and specify the customer characteristics that are important to you .

For personal, family or home-oriented products/services, the key qualities of my customer are:

- gender _____
- age _____
- income _____
- occupation _____
- marital status _____
- ethnicity _____
- religion _____
- are pro-CED _____
- home location _____
- kind of home _____
- family size _____
- recreational preferences _____
- personal tastes _____
- where they buy _____
- what else they buy _____
- _____

Where I can source these prospects:

- mailing list of like businesses/interests _____
- contests/draws from like businesses/interests _____
- _____

How can I make sure they'll buy my product/service?

- Know what your customer wants and give it to him or her.
- Find out how your customer makes his or her buying decisions and appeal to them that way.
- Find out where your customer gets the information they trust to make their buying decision and use it.
- Determine the best way to bring attention to you or your product and do it.

Benefits/Buying Motives

Benefits are the real reasons why customers buy a product or service. Selling points or features are more often brought in after the customer has been emotionally sold by the benefits, as tools to justify the purchase to the customer's mind.

- help the customer have more fun
- make the customer feel more attractive
- make unpopular jobs easier for the customer
- enhance the customer's home
- expression of the customer's individuality
- allows customer to be up-to-date
- bolster the customer's self-confidence
- make the customer feel more likeable or acceptable
- fulfil a customer's ideals or dreams
- make the customer feel pampered or cared about
- help the customer with his/her job
- make the customer feel valued and worthwhile
- help the customer become more efficient
- help the customer learn a new skill or gain information
- empower customers to do, own or be something they have not had or been before
- make the customer feel they have acquired something rare or of great value
- help the customer achieve their goals
- help the customer get work done faster or better
- _____
- _____

How can I increase my profits?

- Get your customer to buy more of your product, e.g. bulk discounts.
- Get your customer to buy related products, e.g. accessories if you sell clothing
- Find an excuse to contact them once every month.
- Get your message out in a variety of ways.
- Get testimonials.
- Use time-limited discounts.

Calculating Your Costs

Materials

(includes the cost of materials found in the final product)

_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
Total	\$ _____

Labour

(the direct labour costs are derived by multiplying the cost of labour per hour by the number of man-hours needed to complete the job and must include fringe benefits. If you don't know what wage you should pay, you can talk to other CED businesses in your field, private businesses in your field or Job Futures publication from Statistics Canada.)

_____	\$ _____
_____	\$ _____
_____	\$ _____
Total	\$ _____

Overhead

(includes anything you can't associate with the product or service but you still need for the business.)

Supplies	\$ _____
Maintenance and Repairs	\$ _____
Utilities	\$ _____
Services (legal, clerical, janitorial, etc.)	\$ _____
Insurance and depreciation	\$ _____
Taxes	\$ _____
Rent	\$ _____
Transportation	\$ _____
Utilities	\$ _____
_____	\$ _____
_____	\$ _____
Total	\$ _____

1. Add up your total costs to produce the product.
2. Estimate how many units of the product you will sell.
3. Divide your total costs by the number of units you anticipate you will sell.
4. That is the cost of producing your product.

The Five Cs of Pricing

1. **Cost**

Before you price your product you need to know how much it costs to produce it. Don't settle for an average companywide cost on all your products, look at each product on an individual basis. Huge margin variations may exist between each product and when you choose which items you should keep producing and which you should drop, this will be a crucial deciding factor.

2. **Customer:**

When you are thinking about how to price your product, it always helps to ask your potential customers. Ask them what they would expect to pay for this item. Determine the price range they will accept.

Think about the other costs or hassles your customer considers when buying your product or service. Is there extra work involved? Are there switching costs incurred from moving from an old product or service to your product or service? Are there additional costs such as shipping or taxes? Does your customer have to pay someone to do something with your product, e.g. painting or wallpapering?

3. **Channels of Distribution:**

How are you selling your product or service? No matter which channel you use, you still have to consider the same thing – what kind of incentives do you need to offer the people who will do the actual sale of your product or service? If you are selling through your own store, how can you encourage your sales staff to increase sales? If you are selling through an agent, what kind of margin do they need to aggressively sell your product or service?

4. **Competition:**

What are you competing against for your customer's dollar? Is that dollar going to be spent on either you or your toughest competition or is it a question of spending it on your product or service or something entirely different? For example, the customer's entertainment dollar could just as easily be spent on a film as a restaurant meal or watching a baseball game. Think about it from your customer's point of view.

5. **Compatibility:**

How does your pricing strategy fit in with your CED philosophy? Are you providing a needed service at an appropriate price for your community? How does it fit with your overall goals?

19 Pricing Strategies

Check off which pricing strategy will work well with your product or service.

- Bundling or unbundling** (sell products or services together as packages or break them apart accordingly, e.g. season tickets; stereo equipment; car rentals charging for air-conditioning).

I'll use this for: _____

- Time-period pricing** (adjust price up or down during specific times to spur or acknowledge changes in demand, e.g. off-season travel fares to build demand; discount on afternoons for films or theatre).

I'll use this for: _____

- Trial pricing** (let the customer try it out at a low introductory cost, e.g. health club starter memberships).

I'll use this for: _____

- Image pricing** (there's a perception that high quality products or services cost more; to charge a low price for a high quality item is sometimes perceived as a contradiction and customers may feel they are not of good calibre, e.g. restaurant meals, clothing).

I'll use this for: _____

- Accounting-system pricing** (bill in phases so that no single invoice goes over the customer's authorisation threshold, e.g. if the customer only has \$5,000 for supplies, anything over that amount must be charged to another category).

I'll use this for: _____

- Value-added price packages** (include free "value-added" services to appeal to bargain shoppers without lowering the price, e.g. children's picture or sucker given to children at the dentist's office).

I'll use this for: _____

- Pay-one-price** (unlimited use or amount of product or service, e.g. all you can eat spaghetti).

I'll use this for: _____

- Constant promotional pricing** (although a "regular" price exists, no one ever pays it, e.g. closing out sales or matching the lowest cost of products sold by competitors).

I'll use this for: _____

- Price performance** (amount customers pay is determined by the performance or value they receive, e.g. lawyers who get a percentage of what they win for the client).

I'll use this for: _____

19 Pricing Strategies (cont'd)

- Change the standard** (keep the same price, but express it differently to make it seem more attractive, e.g. a \$100 Home Repair book for only \$24.99 in four easy payments).

I'll use this for: _____

- Shift the costs to your customer** (pass on extra costs to your customer, e.g. delivery or pickup of product or home assembly of item).

I'll use this for: _____

- Variable pricing tied to a creative variable** (tie the price to something creative, e.g. haircuts at 10 cents per inch of child's height; %age discount for every year person is over 65).

I'll use this for: _____

- Different names for different price segments** (sell basically the same item under different names to appeal to different price segments, e.g. televisions or VCRs sold in electronics shops or discount stores).

I'll use this for: _____

- Captive pricing** (lock in your customer by selling the original item cheaply and making a profit on the consumables, e.g. Swiffer sweeper and electrostatic cloth replacements).

I'll use this for: _____

- Product line pricing** (establish a range of price points within your line and encourage customers to buy your highest-profit (not necessarily highest cost) product or service, e.g. vacations ranging from trips within the country to exotic lands).

I'll use this for: _____

- Differential pricing** (charge each customer or each customer segment what each will pay, e.g. in some foreign countries, locals are charged a different price for restaurant meals than tourists).

I'll use this for: _____

- Quantity discount** (discounts on all units if more than a certain threshold are exceeded, e.g. photocopies).

I'll use this for: _____

- Fixed, then variable** (a basic price is charged for the service with any additional service added on, e.g. taxi charge a base rate times the time travelled; a banana split with "all" the toppings).

I'll use this for: _____

- Don't break that price point!** (prices just below buying threshold for customer, e.g. \$499, not \$500).

I'll use this for: _____

The Four Ws of Financial Statements

What

- Budget – the financial plan for your business for the coming year
- Sales Projection – your best guess for sales in the coming year encompassing a range from your most optimistic prediction to your gloomiest expectation
- Balance sheet – provides a snapshot of where your business is at (see example)
- Income statement – shows where the money is coming from and going to (see example)

Who

- Contact the Volunteer Centre of Metropolitan Toronto for a volunteer
- Ask your friends
- Call up colleges and universities who may want to give students on-the-job opportunities
- Recruit one for your board
- Talk to other CEDs – maybe you can share accounting services or get a reference for one

When

- What is your financial year and year end?
- When do bills have to be paid?
- What are the terms you will set for your accounts receivable – i.e. 30 days—c.o.d.
- When are your bills due?
- Can you project periods of high financial needs?
- When will you hire more staff (for example, for seasonal products)?
- When will you increase/decrease production?

Why

- The budget and sales projection are handy tools to help you plan your CED activities for the coming year.
- The balance sheet and income statement are necessary to track the business, for income taxes, for GST and PST and for loans.

The Balance Sheet

Your CED's Name
Balance Sheet
As At Your Year End

Assets	1999
Cash	\$XXX
Short-term deposits	\$XXX
Accounts receivable	\$XXX
Capital Assets	\$XXX
Less depreciation	\$XXX
Total Assets	<u>\$XXX</u>
Liabilities	
Current Liabilities	\$XXX
Accounts payable	\$XXX
Long-term Liabilities	\$XXX
Total Liabilities	<u>\$XXX</u>

The Income Statement

Your CED's Name
Income Statement
As At Your Year End

Revenues	1999
Grant "X"	\$XXX
Grant "Y"	\$XXX
Donations and other fundraising activities	\$XXX
Sales	\$XXX
Other income	<u>\$XXX</u>
	<u>\$XXX</u>
Expenses	
Salaries and benefits	\$XXX
Rent	\$XXX
Office and administration	\$XXX
Raw materials	\$XXX
Equipment and maintenance	\$XXX
Purchased services	\$XXX
Taxes	\$XXX
Sundry	<u>\$XXX</u>
	<u>\$XXX</u>

Now what?

The real work begins!!!

- Do your homework.
- Come and talk to the “experts” at our next workshop. They’ll go over your ideas and give you suggestions on where you might improve.

Other Sources of Information

Need a government telephone number? Call (416) 326-1234

Business Registration

Ministry of Consumer and commercial relations
375/393 University Ave., 2nd Floor
Toronto, Ontario M5G 2M2 Tel.: (416) 314-8880

GST Tax, PST and Revenue Canada Excise Office and Customs

Business Number Registration, 1 Front Street West, Tel.: 1-800-959-5525

Vendors Permit

Purchase Exemption Certificate, Ministry of Finance Tel.: (416) 392-3082

Registering Special Businesses (Itinerant sellers, etc.)

Ministry of Consumer and commercial Relations, 250 Yonge St., 32nd floor, Toronto, Ontario M5B 2N5 Tel.: (416) 326-8800

Women Inventors Project

Tel.: (416) 243-0668

Import Information

Tel.: (416) 314-8880

Canada-Ontario Business Call Centre (Information services for provincial and federal governments) Info Line (416) 954-4636

Statistics Canada Tel.: (416) 973-6586

Import Tax and Payroll Deductions Tel.: (416) 314-8880

Street Vending City of Toronto Public works Tel.: (416) 392-7877

Local Businesses Self-Help Offices

Brampton	(905) 874-2650
Markham	(905) 475-4890
Mississauga	(905) 615-3275
Queen's Park	(416) 325-6532
City Hall	(416) 392-6646
Scarborough	(416) 396-7169

Business Development Bank of Canada

150 King St. W., Suite 100, Toronto, Ontario M5H 1J9 Tel.: (416) 973-0341

Federal Government Bookstore Tel.: (416) 363-3171

Ontario Government Bookstore Tel.: (416) 326-5320

Toronto Tax Services

T.I.P.S. automated service 1-800-267-6999
Business enquiries (416) 221-5695
General enquiries (416) 954-3500
Request for forms (905) 712-5813

Sources We Used for This Presentation

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<http://soho.cch.com/tools/tools.asp>

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Calculating Your Costs:

How to price your products and services. <http://www.sba.gov/SCORE/ca/pricing.html>

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