International Labour Organization
Office for the Caribbean

Caribbean Cooperative Management Training Programmes

Module 2

STARTING A COOPERATIVE ENTERPRISE

International
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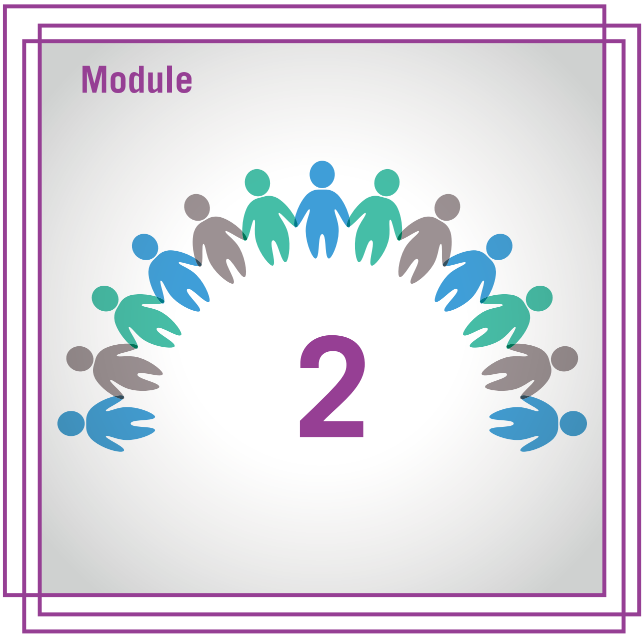
Caribbean



Caribbean Cooperative Management
Training Programme

STARTING A COOPERATIVE ENTERPRISE

For the English-speaking Caribbean

In preparing this training module, several ILO training packages were used, including My.COOP (Managing your Agricultural Cooperatives), SYB (Start Your Business) and SIYB (Start and Improve Your Business).

First published 2018

Caribbean Cooperative Management Training Programmes: Starting a Cooperative Enterprise/
International Labour Organization, Office for the Caribbean - Port of Spain: ILO, 2017

English edition
ISBN: 978-92-2-131555-1 (print)
978-92-2-131556-8 (web pdf)

ILO DWT and Office for the Caribbean

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Visit the ILO Office for the Caribbean’s webpage: www.ilo.org/caribbean

Design: Simone Rudder (DPI)

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GLOSSARY OF TERMS

Budget – the amount of money that you have available to spend. The budget for something is the amount of money that a person, organization, or country has available to spend on it

Bylaws – a rule made by a company or society to control the actions of its members

Cash flow – is the money that is moving (flowing) in and out of your business in a month

Contingency – a provision for an unforeseen event or circumstance

Business plan – a written description of your business's future, a document that tells what you plan to do and how you plan to do it

Feasibility study – an analysis of how successfully a project can be completed, accounting for factors that affect it such as economic, technological, legal and scheduling factors and often used to determine potential positive and negative outcomes of a project before investing a considerable amount of time and money into it

Forecasting – the process of making predictions of the future based on past and present data and most commonly by analysis of trends

Governance – the action or manner of governing

Management – the process of dealing with or controlling things or people

Startup Capital – money, property, etc. used to start a business

Viable – financially sustainable

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PURPOSE OF THIS MODULE

1 PURPOSE OF THIS MODULE

The purpose of this module is to provide a step by step guide for those seeking to start a new cooperative. This module is designed specifically for entrepreneurs and individuals who have adopted the cooperative as the preferred form of business structure. It is also useful for individuals such as cooperative development educators whose role is to provide education and other technical support to individuals and communities pursing the formation of a new cooperative.

If you use this module properly you will be able to:

- Understand a three phase approach and the seven steps in starting a new cooperative;
- Understand the elements of an effective feasibility study;
- Understand the purpose, use and common pitfalls of a business plan;
- Identify the mission and business ideas that will provide the purpose of the new cooperative;
- Identify the human and financial resources that are needed for the commercial and organizational viability of the cooperative.

In studying this module you should also refer back and use, as appropriate, *Module 1: What is a Cooperative Enterprise?* of the Caribbean Cooperative Management Training Programme.

2

THE THREE PHASES OF STARTING A COOPERATIVE

2 THE THREE PHASES OF STARTING A COOPERATIVE

Module 1: What is a Cooperative Enterprise? provided an understanding of cooperatives, including their advantages to other forms of business structures. Module 2 continues by looking at what is required to establish a new cooperative enterprise.

Whether a producer, consumer or worker cooperative, starting a new cooperative requires an understanding of the activities under each of the following three phases:

- Phase I - Develop the cooperative business idea
- Phase II - Coordinate the pre-cooperative activities
- Phase III - Organize and start up the cooperative

This module will review each of these phases to provide a step by step guide to starting a cooperative. Each phase requires specific activities that are organized in this module using a 7 step approach below, as adapted from the Agriculture and Agri-Food Canada (AAFC) & Industry Canada Guide to Creating a Co-operative (CoopZone n.d.).

Phase I – Develop the cooperative business idea

Step 1: Assemble a group of interested people

Step 2: Conduct a pre-feasibility study

Phase II – Coordinate the pre-cooperative activities

Step 3: Hold an organizing meeting

Step 4: Complete a business plan

Phase III – Organize and start up the cooperative

Step 5: Organize the cooperative (internal structure)

Step 6: Organize the cooperative (business operations)

- 6.A: Plan the business operations
- 6.B: Plan and organize start up financing
- 6.C: Recruit and train staff
- 6.D: Ensure the legality of the business operations

Step 7: Hold the initial general meeting

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PHASE I: DEVELOP THE COOPERATIVE BUSINESS IDEA

3 PHASE I: DEVELOP THE COOPERATIVE BUSINESS IDEA

3.1 Step 1: Assemble a group of interested people to identify an opportunity

The emergence of the cooperative model as a vehicle for social change is evident in the history of the Rochdale Pioneers outlined in *Module 1: What is a Cooperative Enterprise?* Chapter 3.3. This form of enterprise has its roots and continues to be relevant in addressing a need in the community where conventional economic models too often fail. For a new cooperative to be successful, it must firstly be borne out of an idea that seeks to address a need in the marketplace that is not being satisfied by the traditional players. We have learned from module 1 that the cooperative model can be a viable option in providing access to affordable goods and services, allow for greater participation and inclusion in a wider decision making process, achieve economies of scale to develop and grow commercial activity, and creates stable employment opportunities, particularly for those with employment barriers. In some cases, the opportunity to form a new cooperative can arise from the conversion of a privately owned commercial enterprise where the owner may be looking to retire or for other reasons exit the business.. Whatever the idea, the start of any new cooperative begins with a shared vision among a few individuals seeking to create greater opportunities and in so doing, influencing local economies and communities for future generations.

Once the idea is clarified and agreed to, the next step is to arrange a meeting with potential members to determine the extent to which wider support might exist for the business opportunity. A willingness to contribute financially to advance the formation of the new cooperative must also exist among potential members. If sufficient interest is evident from the wider group to proceed, the next step will be to begin to create a steering committee to manage and report back on the activities to be pursued.

3.2 Step 2: Conduct a feasibility study

This step moves the process from discussions and meetings to investment of time and financial resources. Like any successful business enterprise, the goal of a new cooperative must be based on its long term viability and not simply on the requirements to open doors for business. A feasibility study is the first undertaking to test the viability of the idea before having members invest further resources. Access to financial resources may be limited for a cooperative at this early stage of development; however it becomes necessary for members to invest or source capital externally in order to conduct a thorough and comprehensive feasibility study. The extent to which members are willing to invest financially can give an indication of their commitment to the success of the cooperative.

In many ways, this step is seen as foundational in determining whether the idea for a new cooperative continues or ends. Given the fact that the results of this study will inform future decisions by the membership, it is important for cooperatives to access any technical or financial assistance available through their respective jurisdictions to engage qualified specialists including lawyers, industry experts and accountants for this step.

An effective feasibility study will:

a) Conduct a preliminary market review;
b) Identify available technical and financial assistance;

c) Assess receptiveness to the cooperative business in the local community;
d) Evaluate if the cooperative is the best legal framework to use or if the kind of cooperative selected is the most suitable;
e) Define the intended benefits of the cooperative for members (eg. quality, price), and the characteristics that follow from those benefits:
   i. products and services offered (consumers' cooperative); or
   ii. products and services marketed (producers' cooperative); or
   iii. salaries and working conditions (workers' cooperative);
f) Evaluate the project's potential to attract the minimum number of members required.

The feasibility study will provide members with an objective assessment of the viability of the business idea considering factors such as market potential, competitive analysis and industry trends, as well as benefits to members. Based on the results of the study, the membership will decide whether the cooperative will advance to the next stage. If this study is not conclusive, the group should reevaluate its business idea. If this study shows that the planned cooperative is feasible, the group can proceed to the next phase.

4

PHASE II: COORDINATE THE COOPERATIVE'S ACTIVITIES

PHASE II: COORDINATE THE COOPERATIVE'S ACTIVITIES

4.1 Step 3: Hold an organizing meeting

With a common vision supported by a group of committed individuals and a study indicating favorable conditions for financial success, the next phase in starting a cooperative focuses on the enterprise. Members now begin to put in place the necessary structure required to govern and manage the enterprise in accordance with the cooperative values and principles. Some of the key activities undertaken by members at this stage will be to:

a) Choose the corporate name of the cooperative and the location of its head office;
b) Define the cooperative's mission (objectives, purpose);
c) Elect a temporary board of directors and secretary to the board;
d) Officially submit an application for incorporation as a cooperative from the local ministry responsible for cooperatives.
(Note: Consult with your local Regulators to determine if a Business plan is required before incorporating a cooperative).

4.2 Step 4: Complete a business plan

Like the feasibility study in section 3.2 above, the business plan is another foundational step that will determine whether activities will continue to form a cooperative. Because of the importance of this step, this module will spend more time understanding this topic.

4.2.1 Purpose of the business plan

A business plan includes extensive details on your business and is designed to forecast how a business or a development project will be started, implemented, financed and managed. In short, it is a working 'blue print' of the entire operation of the proposed enterprise or project. If done correctly, it takes quite a lot of thinking and work to prepare a business plan but it will help organize the business idea and will allow for a more realistic assessment of whether the enterprise has a good chance of success.

The business plan can also be viewed as a roadmap for the cooperative that lays out where it wants to go and what is needed to get there. It is a tool used by management and boards to anticipate what that journey might look like and potential warning signs when the cooperative might be getting off track along the way. In addition to guiding management and boards, the plan is also required in cases where the cooperative may need to raise capital, whether from traditional lenders such as banks or credit unions, public or private investors or wider membership. Investors will want to assess the potential for the cooperative to repay the debt and at the same time fulfill the expected investment returns. It must be stressed that the sole purpose of the business plan is not to secure a loan. Rather, the business plan acts as a compass to guide the cooperative in allocating necessary resources and remain focused on pursuing the desired result.

For these reasons, a business plan is an important requirement for any cooperative regardless of the size of operations and whether or not the cooperative requires financing. In some countries, central or local government structures can provide assistance in the formulation of feasibility studies and business plans. Given the importance of the plan to inform the future success of the cooperative, it is strongly advised that boards and management invest adequate resources and take advantage of any technical support available in their respective jurisdictions to ensure appropriate business planning is done.

4.2.2 Key factors to consider about business plans

New cooperatives may not have the expertise within its membership to complete a suitable business plan. The following should be considered at this early stage:

a) Obtain adequate funding for the business plan from sources such as:
   i. internal financing by the members;
   ii. special grants; and/or
   iii. negotiate a technical assistance or business start up agreement with a specialized organization;
b) Define the strategic objectives;
c) Evaluate the various strategic scenarios, production costs and human, material and financial resources necessary;
d) Evaluate the various start up financing scenarios;
e) Conduct a preliminary projection of budgeted statements and of a cash budget (revenues and expenditures, investments by members in share capital, partners, credit union or bank loans and grants).

4.2.3 What level of financial planning is required?

The financial plan will take into consideration all the various activities and issues of the cooperative that will have a financial impact. The volume and size of operations desired by the group will affect the financial plan. The financial plan will determine whether the proposed business is financially viable.

There are several important parts of the financial plan but the most important for a business starting off is a budget and a cash flow.

a) Budget:
A budget looks ahead and works out all the costs involved in setting up the business and the revenue to be derived from operating the business. The month-by-month financial budget will indicate in which month the cooperative will make a loss (when costs exceed income) and in which month the cooperative will make a profit (when income is more than costs).

The budget shows how much the cooperative has to pay out on a regular basis (e.g. rent, power, interest on loans, insurance). These are called fixed costs. If you have employees then not only do their wages have to be paid, but also arrangements for their social security or national insurance and income tax have to be made. Other expenses will vary according to the rise and fall of business income. For example, the amount of raw materials the cooperative buys or the equipment the cooperative hires will depend on the volume of work at a particular time. These are called variable costs. In summary, fixed costs are expenses that must be paid irrespective of the volume of business activity. Variable costs are costs that vary with the level of business transactions. Table 1 is an example of a simple income and expense statement.

Table 1: Example of a single income and expense statement

INCOME	AMOUNT	EXPENDITURES	AMOUNT
Sales of produce	$50,000	Rent	$2,000
Subscriptions fee	$1,000	Loan interest	$3,000
Investment income	$5,000	Agricultural supplies	$5,000
		Salaries / wages	$20,000
		Utilities	$1,500
		Transportation of goods	$3,000
		Repairs / maintenance	$8,000
		Other expenses	$2,500
Total	$56,000		$45,000
		Net surplus	$11,000
		Undivided earnings brought forward	$23,000
		Undivided earnings ending	$34,000

Some considerations that will inform the budget include:

- How much money will be needed to start the cooperative? Any machinery and equipment will need to be costed, as will the first stock. This is usually referred to as starting capital.
- If people are going to work full or part time, how will they be paid for the period until the business starts generating enough income? How long will that take? Will training need to be paid at an early stage?

- The costs of registering your organization and any legal costs may seem like small items, but should be included in the budget.
- If a workplace needs to be rented, research may need to be done. Ensure that the cooperative does not get more space and amenities than needed, but that there is enough room for expansion within the length of the lease arrangement.
- Ensure that the usage of the rented premises fits existing planning regulations.

There may be costs involved in checking that or filing for a permit. There may be occupational health and safety requirements on the workplace, which may need to be improved. Find out what insurance cover the cooperative will have to purchase to protect its premises, equipment, members and employees. Money for these types of outlays is usually described as working capital.

b) Cash flow / projected income and expenses:

This is the other important part of a financial plan. A cash flow projection sets out the timetable during the start up phase of the business indicating when money comes into the business and when it goes out. Different businesses have very different patterns of cash flow. Sometimes no significant monies come in for several weeks or months. This is typical of seasonal businesses (e.g. if one is operating in the low season for tourists or raising chickens or pigs or planting fresh vegetables, root crops or fruit trees). Other businesses may start having income from the first day they open (e.g. a retail store or bus or ATM service).

The cash flow projection indicates where there will be a shortfall or a surplus in cash resources. When there is a shortfall of cash, the cooperative will need to acquire additional funds (working capital) to finance the shortfall. Where there is a surplus of cash, those funds can be invested for the betterment of the cooperative and its services.

It may be that on paper the cooperative will be able to pay all the bills and still make a profit. However, the cooperative must be mindful of the timing of cash flows. Sometimes bills and invoices will become payable while the income may not yet be received. This will give rise to a temporary inflow of borrowed or transferred cash. Good cash flow management dictates that the cooperative should try to obtain a line of credit or access to supplies on credit terms in order to cater for temporary shortages of cash. Alternatively it would be advisable for the cooperative to invest its surplus cash in liquid assets so that when there is a shortage of cash from operations, these liquid funds can be accessed at short notice to buffer the shortfall. This critical review in the form of a commentary on the cash flow trends (future, current or past) is called a 'cash flow analysis'. Table 2 provides an example of potential cash inflows and outflows a cooperative may experience.

Table 2: Example of inflows and outflows of a cooperative

INFLOWS	AMOUNT	OUTFLOWS	AMOUNT
Shares	$60,000	Share withdrawal	$8,500
Deposits	$20,000	Deposit refund	$4,000
Subscriptions	$3,000	Rent	$5,000
Sales	$200,000	Sales / wages	$40,000
Investment income	$10,000	Goods for resale	$100,000
		Purchase of fixed assets	$25,000
		Overhead expenses	$30,500
Total inflows	$293,000	Total outflows	$213,000
		Net surplus	$80,000
		Net cash flow	$31,500
		Opening bank / cash	
		Ending bank cash	$144,500

4.2.4 Common pitfalls with business plans

Given the importance of this tool to assist in the formation of a new cooperative, it is helpful to review some of the common pitfalls observed in many business plans and to use this knowledge when developing a new cooperative. The following pitfalls should be considered in the development and use of business plans:

a) Reliance on expert to complete business plan –

Although it is important to access expertise outside the cooperative, leaders of the cooperative must be actively engaged in the development of the plan. Too often, the final plan is the result of an 'off the shelf' template completed by someone external to the cooperative that may not have a thorough understanding of the vision or membership to which the cooperative was established to serve.

This is not to say that external resources cannot be engaged to access technical expertise in the development of a business plan, but when it comes time to apply for a loan, approach private or public investors or approach membership for support, it is not the external consultant that should be making representation on behalf of the cooperative, it should be the cooperative leadership! Because of this, it is imperative that leaders within the cooperative understand and are confident with the contents of the plan when called upon to defend or explain specific areas.

b) Weak competitive analysis –

Those within the cooperative need to remember that despite the advantages of this form of enterprise as described in *Module 1: What is a Cooperative Enterprise?*, starting and sustaining a viable business operation requires more than aligned values and principles in attracting and retaining customers. The cooperative business plan must demonstrate a sound understanding of the competition and competitive forces that exists in the marketplace if it expects success and long term viability.

As a new entry, the cooperative must have a value proposition that differentiates it from other established players in the marketplace, whether it is based on price, service, product offering or access. Some jurisdictions may report sector specific data through local government, chamber of commerce or development agency offices that can be accessed to allow for a more thorough competitive assessment.

c) Unrealistic projections –

This component of the plan gives an indication of future performance, therefore ensuring accuracy in the forecasts is essential not only as a way to validate the market demand for services but also to give comfort to lenders, investors and members of a viable enterprise. In the absence of historical experience, it can be challenging for a new cooperative to develop realistic projections unless proper market and competitive research is conducted to substantiate the demand and market. A common pitfall is that often sales are over estimated and expenses understated. Furthermore, projections do not consider timing of funds (i.e. cash flow) that impact operating requirements in some industries subject to seasonality (eg. tourism, agricultural, fisheries sectors).

One approach cooperatives can adopt in setting realistic projections is by using an average forecasting model that considers three scenarios based on optimistic, pessimistic and realistic sales and expense levels. Another approach might be to assess sales based on market share percentage from among its anticipated membership base. In theory, all of the cooperative membership should be supporting the cooperative by purchasing products and services however; some cooperative members choose to do business with non-cooperative enterprises to satisfy the majority of their consumer needs.

d) Inadequate contingency planning –

Every great conceived plan always considers and prepares for the unexpected. There will undoubtedly be circumstances, especially during the start up of a new cooperative when unexpected developments arise, quite often outside the control of the cooperative's control. Examples of this are changes in government legislation (eg. licensing, registrations, safety and health standards, environmental protection) or competitive influences (eg. new store in the cooperative's servicing market, lower prices), which will have impact on the financial and regulatory operations of cooperatives. A strong business plan is one that recognizes these possible occurrences and provides commentary on how the cooperative will respond.

e) Gaps in management –

For a new cooperative, one of the challenges may be the inability to hire dedicated and qualified paid staff. *Module 1: What is a Cooperative Enterprise?*, Chapter 6 discussed the governance structure showing management as responsible for operations.

For smaller cooperatives where volunteers manage the daily operations (boards and committees), the business plan needs to demonstrate adequate capacity among volunteers to fulfill all aspects of management necessary for the cooperative's success. If, for example, a housing cooperative is lacking paid staff or volunteers with skills in property management, the plan should acknowledge this gap and identify a resource external to the cooperative (e.g. engage services of a qualified property management firm) to oversee this critical aspect of the operations. The cooperative need not possess all the required skills internally but, recognizing the essential responsibilities required for success, the plan must address how any gaps will be plugged.

f) Document used only to secure financing –

Too often, the business plan is used as a tool simply to secure financing. If we accept the idea that the plan is a roadmap or blueprint that guides the cooperative's success, financing is only one part of a bigger picture. Some cooperatives may not require financing, but this does not mean that for these cooperatives a business plan is not required.

With or without financing, the cooperative must be reviewing frequently (at least quarterly) their actual results with the projections anticipated in the plan. This is important to ensure the assumptions made in sales and expenses pre start up were in fact consistent and accurate. The other reason for the frequent review of the plan with actual results is for management to anticipate any changes that might be required to resource allocation (e.g. greater than expected sales/demand may require increased staffing inventory purchases; operating financing while lower than expected results may require a change to marketing and promotions).

The plan is therefore seen as a living document that is amended and fine tuned based on changes internal and external to the enterprise. If there is evidence of flawed assumptions in the plan, management will have early signals to revisit the plan and make the necessary adjustments to get back on track.

As with the feasibility study above, members decide on whether they will continue to advance the establishment of a new cooperative based on the results of the business plan. If this study concludes that, although the planned cooperative looks feasible it would not be financially viable, the group should consider terminating the project. If the study shows that the new cooperative will be financially viable, the group can proceed to the third phase.

4.2.5 The Difference between business plan and feasibility study

There is a major difference between the feasibility study and the business plan. The feasibility study is the gathering and compiling of relevant information to assess viability, whereas the business plan is about planning and strategizing to ensure successful implementation. The feasibility study therefore is the prelude to starting a business plan. If the findings of the feasibility study show a favorable likelihood of viability, only then will the cooperative proceed to commission a detailed business plan.

5

PHASE III: ORGANIZE AND START-UP THE COOPERATIVE

5 PHASE III: ORGANIZE AND START-UP THE COOPERATIVE

At this stage, the cooperative begins to develop the governing structure in greater depth as outlined in module 1: Chapter 6 – Governance of Cooperatives. The purpose of defining and establishing specific committees is to encourage participation from the membership, ensure accountability of assigned tasks and to distribute the workload among the members of the temporary board of directors. Some of the committees that may be formed at this stage may include the:

- planning committee;
- training committee; and
- committee to draft by-laws

5.1 Step 5: Organize the Internal Structure

This step requires a focus on the cooperative's internal structure necessary in pursuing the vision to service its members. Some of the specific activities at this stage are to:

a) Decide on the cooperative's structure and define the various categories of members, if necessary (consumers, suppliers, workers);
b) Determine the roles and responsibilities of the various democratic bodies (general meeting, board of directors, committees);
c) Establish the articles and bylaws – check the local Cooperative League or government cooperative branches for templates and other technical support available;
d) Recruit members as users of the cooperative's services but also to identify future leaders;
and
e) Organize and offer a program to train members in the administration and management of a cooperative, the chairing and running of annual meetings (eg. parliamentary procedure) and the operation of a committee or board.

During the formative years, management of the cooperative is typically carried out by the steering committee or by the executive committee of the board (president, vice-president, treasurer and secretary). An Administrative Officer may be subsequently hired, subject to predictable resources. But the prevailing formal structure is a board of directors elected by the members and a Manager appointed by the board. The cooperative should decide on a decision making structure.

In most jurisdictions, a minimum number of persons are required by law to form a cooperative. Section 15(1b) of the Saint Vincent and the Grenadines Cooperative Societies Act 2012 requires no less than 25 paid-up members for a producer or service society and one hundred for a credit union. Notwithstanding the statutory requirement, the minimum number of persons will also be determined by the feasibility study that must precede formation of the cooperative.

In order to grow and compete in the domestic market, ease of entry must be controlled in favor of quality. The bar for viability must therefore be raised to avoid the large number of insolvent and unsustainable cooperatives already on the registers of the various regulators (Saint Vincent and the Grenadines Cooperative Societies Act 2012).

5.1.1 Governance vs. management

One of the defining characteristics of a cooperative enterprise is that all members are involved in its ownership and governance. As decision makers, they approve the bylaws and are involved through ongoing general meetings. From a policy making standpoint, decision making lies with the board of directors which is mandated to act in the best interests of the members only. Paid management, who is hired by and reports to the Board, handles the day-to-day operations.

When people decide to become members of a cooperative, specific skill sets are needed to ensure the success of the cooperative's governance and oversight as well as skills needed to manage its daily business operations. In addition to the technical competencies needed at each level, strong people skills are essential, including leadership, communication and team work skills.

It must be repeated that education and training for members is a prerequisite for forming and running a successful cooperative. Cooperative education and training and effective communication are not just a statement in the cooperative principles; they constitute a necessary condition for every cooperative to perform efficiently, grow and compete. This process of sharing and empowering starts before a cooperative is formed and continues as a regular feature of the activities of a cooperative throughout its lifetime. Adequate programme time, human effort and budget resources must be invested in this area.

5.2 Step 6: Organize the business activities

Once the cooperative has developed its bylaws, agreed on the appropriate internal governing structure and trained members for specific roles, attention now shifts to putting the necessary requirements that will support the business operations in place. It is important to remember that the cooperative's goal must be to operate profitability if it expects to fulfill its vision and mandate to its members. As a result, the following activities should be considered by the designated committees or in concert with an external resource person from the relevant government office or through a private engagement.

5.2.1 Plan the Business operations

a) Draw up an organizational chart of the cooperative –

This provides a pictorial representation of the staffing structure and relationship between staff influenced by the size of the cooperative (e.g. General Manager, Marketing Coordinator, and Administrative Clerk). The chart can also be expanded to include relationship between the various committees and board of directors, all of which are ultimately accountable to the cooperative's membership.

b) Do the operational planning for the first year of activities –

This is informed by the business plan with a focus on the specific activities, strategies and resources required to achieve the expected projections for the first year of operations.

c) Negotiate contracts for the supply of necessary products and services (inputs) and, as required, sales or marketing contracts –

Depending on the kind of cooperative and the nature of the enterprise, these contracts will be integral to the success of the cooperative and should be consistent with the findings of the feasibility study and assumptions of the business plan. At this stage, there should be no uncertainties about who the potential suppliers or other third parties to enter into contract negotiations are.

d) Devise and implement an accounting system –
Sufficient research should be done to identify the most appropriate accounting system given the size and scale of the cooperatives. Cooperatives should always be thinking ahead and, although expected to start relatively small, the accounting system should be adaptable to accommodate growth and scaling up of operations.

e) Define the duties and responsibilities of each position –
While it is helpful to understand roles and job descriptions of similar positions in other cooperatives and forms of business in the marketplace, this activity needs to be specific to your cooperative. As a new cooperative, key positions should be staffed with experienced individuals who possess the necessary skills to establish systems and practices upon which the cooperative can grow.

f) Develop a salary policy –
Attention must be given to strike a healthy balance between attracting and retaining quality staff while also mindful of the financial position of a new start up.

g) Select and recruit the person to occupy the position of Chief Executive Officer / General Manager –
This position may not be required at the start up phase but, depending on the growth and complexity of the business operations, might be phased in over time based on achievement of certain financial milestones established by the cooperative leadership (eg. sales level, profits or membership growth).

5.2.2 Plan and organize start up financing

Access to adequate capital is critical for any new enterprise and cooperatives are no different. This step requires thought to the options available to the cooperative in accessing the right amount and type of capital to support a successful start up. Before specific activities that should be undertaken at this stage are considered, the sources of capital will be explored.

5.2.3 Sources of capital

As a member owned and controlled enterprise, a cooperative has several options in which it can raise capital internal and external to the enterprise.

a) Internal sources

i. Member contributions (shares, loans and deposits) are an internal capital source. Some members can provide extra funds to the cooperative in the form of a loan, grants and donations. The cheapest source of funds is from the members. However, if there are many people with a recent work history or are unemployed or marginally employed, funds will be in short supply. Nevertheless, members should try to invest in the cooperative as this helps to strengthen commitment. Some members may have surplus capital that they may wish to lend to the cooperative.

ii. Members can also provide funding to the cooperative by investing in casual savings and fixed term deposit accounts in, for example, a credit union. Modern legislation prohibits producer and service cooperatives from taking deposits and making loans, since this is not their core business. This protects them from handling the proceeds from crime and terrorism.

iii. Membership fees and periodic charges (e.g. cess funds) payable by members with purchases from and sales to the cooperative are methods used by societies around the world to strengthen their capital base.

Before embarking on a campaign to secure capital from members, the cooperative should ensure it has secured the appropriate approvals from The Registrar of Cooperatives and other government and regulatory offices.

b) External sources

i. Commercial loans are provided by approved financial institutions that generally require security and, in the start up phase, prefer to provide short term finance rather than long term. Some cooperatives may require permission from their regulators before they can borrow externally.

ii. Suppliers and service providers may agree to defer payment during a start-up phase.

iii. Donor agencies run a number of programmes in the Caribbean that give assistance to certain kinds of business projects. Promoters can inquire from the embassies and international agencies in their country or in the region if the programmes are available. The board of management must be careful not to overly rely on donor assistance since these donor organizations sometimes change their policy with respect to countries and sectors in which they provide funds. The requirements stipulated by donors for accessing their funds and for reporting on use of funds are also onerous. Donor driven organizations need to be weaned off grants and free technical assistance so that they can grow sustainably. The medium or long term goal of the cooperative should be self sufficiency.

iv. Under anti-money laundering legislation and regulations, receipt of funds into an authorized cooperative may require that depositors or investors disclose the source of funds. This is in keeping with best practice aimed at curbing money laundering as well as protecting legitimate businesses from the dangerous repercussions of using the proceeds of crime. Junior or school based savings cooperatives, in particular, must be safeguarded.

5.2.4 Reducing the finance required

It is often difficult for any new enterprise to access financing due to inadequate collateral to secure the debt, but also because of limited history that lenders can have comfort in for future repayment. For these reasons, a new cooperative might look to internal sources of raising capital or applying for non-debt capital such as grants.

In addition, the following methods can be explored to reduce the need to secure traditional debt financing:

a) Leasing property and equipment rather than buying it outright;
b) Donating labour rather than money – This practice is common with manufacturing and housing cooperatives as well as in some other cooperatives where labour is needed. Some examples are building a shed or store, or stock taking or stacking goods in a warehouse. This is referred to as ‘sweat equity’ and will depend on the type of cooperative.
c) Negotiating favorable credit repayment terms with suppliers where possible to extend payments – This method, together with implementing a strong invoicing and collections policy to collect funds from customers, will result in maximum cash flow and reduced need for financing.
d) Delaying or phase over time larger capital expenditures where possible;
e) Securing early or advance payments for customers.

After assessing the need for capital and determining the best source at the early start up phase, the cooperative will need to consider the following activities under this step:

a) Determine the value of the membership share to become a member;
b) Determine the value of the share capital on start up and during the first three years of operation (in terms of the expected growth in the number of members);
c) Prepare the preferred share bylaws (if applicable);
d) Prepare the loan bylaws (if applicable);
e) Draw up the overall financing plan for the first three years of operation;
f) Draw up the business plan;

g) Negotiate the capital contribution of external financial partners (if necessary) - Venture capital corporations, private funds or credit union investment programs;
h) Apply for a government start up grant (if they are available and if required); and
i) Negotiate medium term credit union or bank loans and a line of credit.

The cooperative should proceed with the project only after the equity required by the business plan is raised, and funders, creditors, suppliers and customers are confirmed to meet the volumes of business identified by the business plan to at least break even.

5.2.5 Recruit and train staff

This step begins to put in place the right people to manage and operate the day to day affairs of the cooperative. The activities to be pursued include:

a) Selecting and recruiting employees (responsibility of the Chief Executive Officer, except in the case of a worker cooperative where recruitment decisions are usually made collectively);
b) Organizing and offering a staff training program;
c) Organizing and offering a cooperative training program.

5.2.6 Ensure the legality of the business operations

This step requires attention to the various formalities in obtaining the legal authorization necessary to start up the business activities. Each jurisdiction will have its unique requirements however, in general, this step requires the cooperative to:

a) Register with government offices including Department of Cooperatives, payroll remittances and taxes relevant to the cooperative;
b) Register with, or be licensed by, other legislation or federal or provincial departments relevant to your cooperative (eg. sector specific such as fisheries, housing, agriculture);
c) Have bylaws approved by the founding members;
d) Determine registration fees;
e) Present minutes from all formation meetings;
f) Demonstrate financial projections; and
g) Provide any other information required by law or reasonably requested by the regulator.

The process of forming and registering a cooperative involves not only the founding members but also the government. For example, in Trinidad and Tobago the application for registration of a cooperative is the responsibility of the steering committee of the particular cooperative society in formation. In Jamaica, Barbados, Guyana, Belize and the countries of the Organization of Eastern Caribbean States (OECS), this is led by the steering committee elected from among the founding members. This committee must complete an application form and submit it with three copies of the bylaws of the cooperative and the cooperative's business plan to the Commissioner for Cooperative Development (Trinidad and Tobago), the Director of Cooperatives (The Bahamas) and, in the case of the other territories, the Registrar of Cooperatives. In some countries, this application form should be signed by a minimum of 12 members of the pre-cooperative. In other countries, the legislation requires 25 signatories for a producer or service cooperative and 100 for a credit union (Cooperative Societies Act, Grenada, 2011 (No. 8); Cooperative Societies Act, St. Christopher and Nevis, 2011 (No. 31); Cooperative Societies Act, Trinidad and Tobago, 1971 (No. 22)).

A technical officer from the regulatory authority assigned to guide the registration process will review the application. Whereas in the past it took as much as one year to register a cooperative, it is expected that not more than four months should elapse before a decision is given by the Registrar or Commissioner or Director of Cooperatives as to whether the proposed entity is economically viable and will not become another burden on the public purse. Care in accurately and clearly providing all the information required in the application form, as well as all other documents that must accompany the application, may also help reduce the time it takes to register a cooperative.

5.3 Step 7: Hold the initial general meeting

It is only fitting that at the beginning a new cooperative starts with an idea by a group of individuals and ends with requiring a vote from a group of individuals. The last step in establishing a new cooperative reinforces the second principle of cooperatives: democratic member control. This final step in starting a cooperative is the calling of a general meeting among the members to cast a vote and approve the following:

a) Adopt the bylaws;
b) Adopt the business plan;
c) Approve the cooperative’s membership in a sectoral federation or an inter-sectoral intercooperative organization (if applicable);
d) Appoint an external auditor; and
e) Elect the members of the board of directors, and of any other committees (if the general meeting has the power to do so).

6

TRANSITIONING FROM PLAN INTO START-UP

6 TRANSITIONING FROM PLAN INTO START-UP

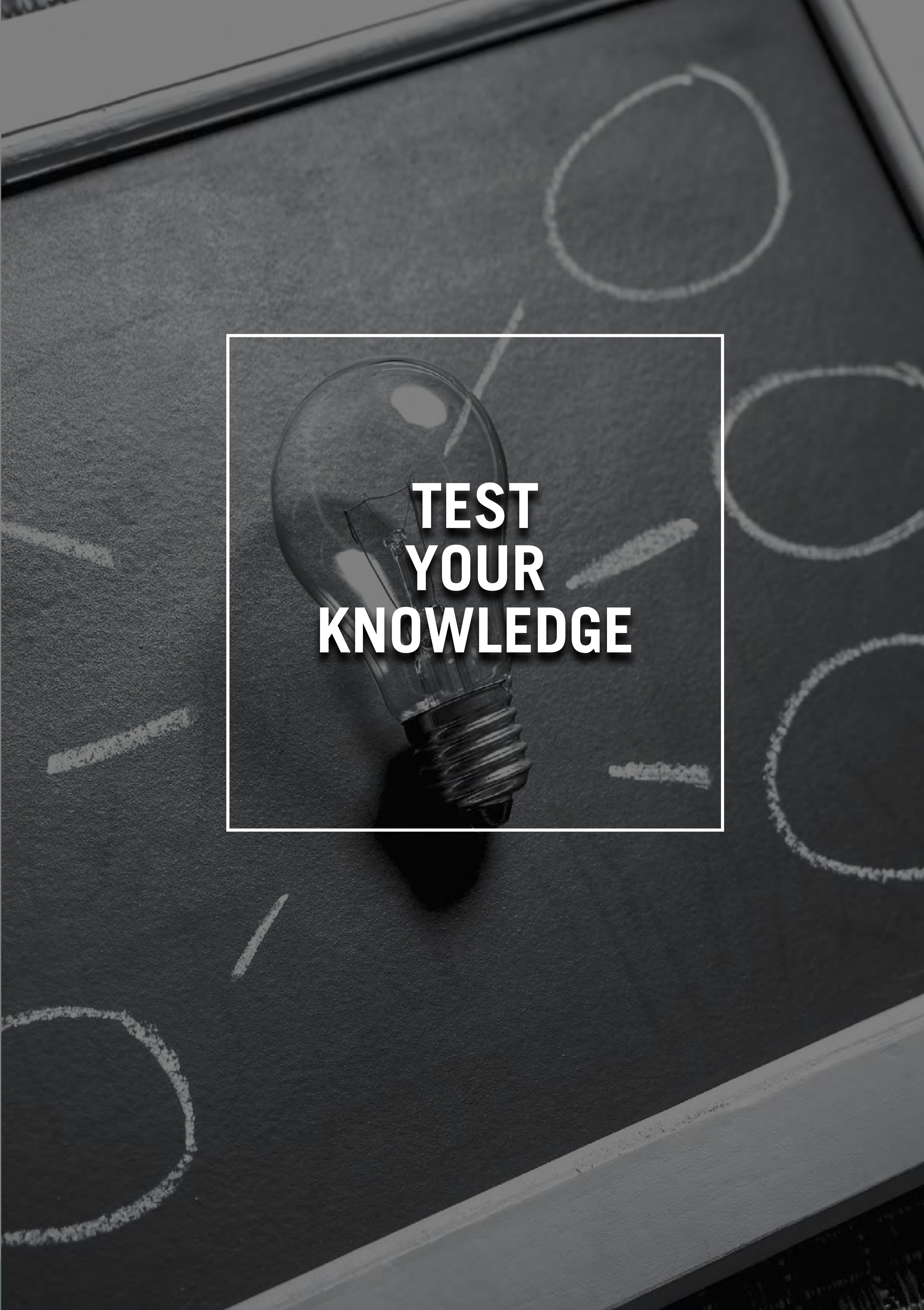
A wise promoter or facilitator would recognize that timely decision making and plan implementation have not been a strong point in many cooperatives. A lack of self confidence, refusal by some boards and management to delegate implementation authority and the preference to micromanage operations are some factors observed.

Knowing the typical slowness of the government bureaucracy, steering committees, promoters and facilitators should enable the cooperative to devise creative ways of improving the ease of doing business in the cooperative sector. Committing all top officials concerned to a schedule of key activities and sustained coordination helps to minimize unnecessary delays, while addressing risks and pitfalls in getting registered, accessing finance and generally ensuring democracy within the cooperative does not kill entrepreneurism and business growth. Achieving consensus on the use of affordable technologies is an extremely important objective for achieving early market penetration.

Starting a cooperative is similar to going on a journey and contemplating the best way to get to your destination. Next you decide whom and what you wish to take with you. Finally, you assemble all the things you need for the journey, then check and double check them. Then, before you set off, you think of what could happen in an emergency, so you may plan an alternative route if the first route becomes difficult, and you may pack some extra things for the 'plan B'.

Finally, however, there must be closure - a clear and final decision taken by the informed shareholders to proceed or not with the plan and financial requirements, with no hidden agendas, for the journey. When you are finished with this module, move on to *Module 3: Cooperative Organization and Management*.

TEST YOUR KNOWLEDGE



1. What are some reasons a person or group of individuals might want to start a cooperative?

2. What is the difference between feasibility study and a business plan?

3. Name three types of enterprises other than cooperatives.

4. Name and describe two major statements in the financial plan.

See the ABC Guide for the English-speaking Caribbean:
A to Z in Planning and Starting a Cooperative.

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APPENDIX:

BUSINESS PLAN FINANCIAL

BUSINESS **PLAN**

TABLE OF CONTENTS

Your business plan is divided into the following sections:

BUSINESS **PLAN**

Section 1 Business Overview

Legal name:	Doors to the World, Inc.		
Trading name:	Doors to the World, Inc.		
Business address:	2020 Sommerhill Drive Suite Nº 203 New Barton, ON N20 1T1		
Phone:	(519) 555-2020	Fax:	(519) 555-1010
E-mail:	info@doorstotheworld.com		

Description of the Business

Doors to the World manufactures custom wooden doors and windows, primarily for residential construction. Doors (solid wood, wood/glass or wood/brass) account for 90% of gross sales while wood-frame windows account for 10%. Our products are sold to Southern Ontario retailers with an increasing portion going to exports. The company started by selling to the new home market in 1988 but in response to changes in the marketplace is now a leading supplier for the up-scale renovation market.

Major demographic, economic, social and cultural Factors

Our products fit well into overall social and economic trends. Renovation investment has continued to increase as the population ages: people tend to stay more at home and invest in their comfort (cocooning). In addition, our market niche is fairly well protected against fluctuations in the real estate market: high-quality doors and windows add both resale value and comfort. In 2001, renovation and alterations accounted for 38.7% of household dollars and additions accounted for 24.7%. Further, the appeal of wood, a natural product, remains strong in today's markets. Its warmth, solid look and silky feel are intangible factors favouring our specialized products.

Major Players

The manufacturing of custom wooden doors and windows is very concentrated, with a few manufacturers occupying 75% of the market.

However, the renovation and construction markets have traditionally been very fragmented, with a large number of small operators, both for clients and suppliers. There are three major distributors in Ontario: Beaver Lumber, Cashway and Castle Building, which together have more than 200 outlets. They purchase large quantities for their network.

Home renovation mega-stores (Home Depot, for example) have made steady progress into the market, especially in larger urban areas.

BUSINESS PLAN

Section 1 | Business Overview

Nature of the Industry

The millwork industry is stable and mature. Manufacturers produce a wide range of fabricated millwork, including wood millwork commodities with metal and plastic overlays. Within the industry, in terms of value, doors (30%) represent the largest segment followed by windows (including wood, aluminum, metal and vinyl clad, 25%).

The niche market is significant, representing 25% of all sales.

Trends in the Industry

While the millwork industry generally follows fluctuations in new home construction, repair and remodelling investment remains steady. The market for custom products such as those from Doors to the World tends to be better protected from fluctuations.

Government Regulation

There are no significant regulations for this industry.

THE MARKET

Market Segment

The repair and remodelling segment has become the most important market for millwork products with a value of $12.8 billion CAN (2001 Statistics Canada data) of which $1.2 billion was spent on windows and door replacement and additions. Together, the provinces of British Columbia, Quebec and Ontario represent 87% of the Canadian total, and the U.S. market is approximately 10 times this value.

Products & Services

Doors to the World provides superior quality custom-made doors and windows with unique glass carvings and brass inlays. Our products target the mid-to-high-end of the market.

In Canada, Doors to the World has competition for doors from small artisan door makers. In windows, competition comes from aluminum/vinyl clad and solid vinyl makers. With the advent of superstores, Doors to the World must compete for floor space and point-of-sale advertising.

Pricing and Distribution

Compared to its competitors, our pricing is in the top 30% of the industry. Products are available through standard retailers in the industry and to superstore renovation outlets. Doors to the World delivers to the retailers' central warehouses, thus capitalizing on existing distribution channels. Marketing efforts are

BUSINESS **PLAN**

Section 1 Business Overview

concentrated in Ontario, Quebec and New York State. Presently 30% of the company's sales are made to retailers in New York State.

Market Trends

In 2011 (latest statistics available), 3 out of 4 households spent money on renovation; this percentage has been fairly constant since 1989. Customers have become increasingly sophisticated and seeking higher-quality materials and workmanship.

The demand for interior doors is expected to increase over the next five years as the renovation market continues to grow. Wooden doors in particular are forecast to see fast growth, especially in the U.S. where construction and renovation is becoming more upscale and houses larger.

Implications or Risk Factors

Doors to the World now relies more heavily on consumer purchases than sales to contractors, which has changed our marketing strategy. Doors to the World continues to rely on its basic strengths, which are:

- superior quality products;
- unique glass carvings and brass inlays.
- Excellent service;
- customized "made to order" fit; and
- access to distribution networks
- price advantage compared with U.S. products

Planned Response

Our marketing approach has shifted to address the mid to high-end customer with a concentration on large-surface retailers and export markets. We have increased retailers distribution, new point-of-sale displays, promotional literature, and customer satisfaction surveys.

The emphasis will be on our products' quality over mass-manufactured goods, and our focus remains on the renovation market. Our price advantage over U.S. products positions us extremely favourably for exporting, and the absence of significant competitors in other provinces makes can facilitate expansion there.

THE COMPETITION

Competitors and type of Competition

There are three major Canadian manufacturers serving approximately 75% of the doors and windows segment: Premdor, Hunt Windows and Doors, and Pella Windows. Several local operations make up the balance of the local marketplace with competition arising from artisan door makers.

BUSINESS **PLAN**

Section 1 | Business Overview

Competitors' Strengths and Weaknesses

Major strengths of large competitors lie in the economies of scale given by their broad brush approach to the marketplace. The large size of these companies allows them better access to retailers across Canada Both Hunt and Pella Windows concentrate their efforts in aluminum and vinyl windows, and are not positioned to enter the wood-framed market without significant investment and re-tooling. They also offer doors but only as an add-on to fill orders from their regular customers.

Premdor has decided to concentrate on the manufacture of plain interior doors but has also entered into an agreement with a U.S. company to distribute their French doors in the Canadian market. Although their doors are of lower quality and lack our unique glass carvings and brass inlays, they represent a significant threat to our products, especially in the superstore market.

Local artisans' products are most similar to ours, and while they generally have close relationships with architects and local builders, they are unable to supply the larger retailers because of their size and more specialized nature of their products.

Competitive Advantage

Doors to the World's advantage resides in its niche: we are big enough to supply large retailers, yet offer high-quality wood products that respond directly to the tastes of the mid to high-end market segment. Even Premdor's higher quality products do not match our custom glass carvings and brass inlays, and the "one-size-fits-all" approach of the competition allows ample room for smaller specialized competitors such as Doors to the World to thrive. We intend to continue positioning our products in the higher end of the market.

In superstores, where our products are at the greatest disadvantage beside Premdor's, our point-of-sale marketing efforts ("Feel the Difference" series) have paid off and our sales remain strong.

BUSINESS **PLAN**

Section 2 | Sales and Marketing Plan

Customers

	NAME \ ADDRESS	TERMS	PRODUCT / SERVICE
1	Otter Lumber 12312 Oak Road Woodstock, Ontario	60 days	General renovation & repair material
2	Cabin Depot Superstore 678 Shack Drive Boisjoly, Québec	90 days	General renovation & repair material
3	New England Builders 432 Elm Street Roxborough, NY	90 days	General renovation & repair material
4	Spearhead Builders 3210 United Way Jones, NY	30 days	General renovation & repair material

ADDITIONAL INFORMATION

The purchasing decision for Doors to the World's products rests with the individual homeowner or the local renovation contractor. We have moved from supplying contractors; we now sell the products to retailers. This improves access to our customers, allows us to better assess and satisfy their needs, and allows us to compete easily in the superstore market.

Suppliers

	NAME \ ADDRESS	TERMS	PRODUCT / SERVICE
1	Sticks & Stones 321 Brampton Cres. Boulder, Ontario	60 days	Pre-cut lumber
2	MacMillan Bloedel 72 Clearcut Way Mississauga, Ontario	45 days	Pre-cut lumber
3	Glass Houses, Inc. 20302 Stonesthrow Drive Toronto, Ontario	30 days	Glass inlays
4	Hollander Co. 193 Golden Rd Coquitlam, B.C.	30 days	Brass inlays
5	The Finish Line 1773 Oak Lane Ajax, Ontario	30 days	Wood stain

ADDITIONAL INFORMATION

Doors to the World's production process uses primarily pre-cut, semi-finished components which are readily available on the market from numerous sources. This flexibility enables us to obtain products that meet our exact requirements at very competitive prices.

BUSINESS PLAN

Section 2 | Sales and Marketing Plan

Advertising & Promotion

Communications efforts consist mainly of co-op flyers, retail point of sales signage and displays, product brochures and word of mouth. Direct-to-customer advertising is rare in this industry, and aside from customer satisfaction surveys, none is planned.

Pricing & Distribution

Doors (French and panel) are sold to three Canadian retailers as well as to two regional U.S. retailers in New York State. Thus we take advantage of their distribution channels by delivering larger quantities to central warehouses. Pricing is in the top third of the market.

Customer Service Policy

Customer service is enhanced by a website and 1-800 inquiry line, quarterly meetings with main distributors, and unique product packaging which includes customer feedback surveys.

BUSINESS PLAN

Section 3 Operating Plan

Location

Doors to the World operates out of a stand-alone plant, built in 1980 in Milton, Ontario.

Size and Capacity

The 6,000 square foot building houses two production lines: doors and windows. Only 10% of the building is used as office space. We are planning to add a 4,000 square foot addition to this building for which we already have a municipal permit.

Advantages or Disadvantages

The facilities are conveniently located close to the central warehousing of the Canadian retailers. However, with the change in market focus to consumers and retailers, the building lacks display/sales space. The planned addition would allow us to almost double our plant facilities to meet increased production.

Lease or Ownership Details

Building was purchased by the company in 2008 for $587,000.

Equipment, Furniture & Fixtures

Wood finishing and glass etching machinery is used but most of the equipment is for the assembly process (routers, lathes, etc). The average age of the equipment is approximately 12 years, which is perfectly acceptable. We outsource computer-assisted design for glass etchings.

Future Expenditures / Technology Requirements

While functional for today's sales levels, new equipment will be required to incorporate the company's growth. $50,000 has been earmarked for equipment expansion to add a new production line to the plant.

Research and Development

Our R & D efforts have centered on market studies and consumers, determining changes in their tastes and buying habits and responding to them.

Environmental Compliance

Most of our activities consist of assembly work. Only the staining process is subject to environmental regulations, where we fully comply with used material disposal regulations. We have instigated a strict recycling program with a local waste management company.

Additional Information

There is an underground storage tank on the premises that was used to store fuel by the previous owners of the building. This tank is empty and has never been used by Doors to the World.

BUSINESS **PLAN**

Section 4 | Human Ressources Plan

Key Employees

	NAME OR TITLE (Nº OF POSITIONS)	KEY RESPONSIBILITIES	QUALIFICATIONS
1	Assembler (4)	Cutting, sanding, glass insertion, carving	Machine operations, reliability
2	General maintenance & receiver/shipper (1)	Reception & shipping, repairs	Low skills, reliability
3	Production Manager (1)	Floor manager + assistant for more complex processes	Technical knowledge, people & process management
4	Office assistant (1)	Administration, book-keeping, support	Office / organizational skills

ADDITIONAL INFORMATION

The company plans to add another full-time assembler and a part-time draftsperson with computer skills for CAD as a direct result of the expansion plan.

POLICIES AND PROCEDURES

Hours of Operations

8AM-5PM, usually 5 days/week, sometimes 6

Number of Employees

7 full-time and 2 principals

Vacation Program

Each employee has a 2-week vacation yearly. Plant is closed 1 week at Christmas.

Performance Assessment

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

BUSINESS **PLAN**

Section 4 | Human Ressources Plan

Training & Development

Presently most of the company's training is done in-house with plant employees. Management employees are presently undergoing total quality management training. ISO 9000 certification and more training is planned as a response to increased customer pressure for assured quality control.

Remuneration and Benefits

Benefits and salaries are comparable to those in the industry and overtime hours are sometimes required. A profit sharing incentive plan is planned for the future.

BUSINESS **PLAN**

Section 5 Action Plan

Action Plan

	ACTION	BY WHEN
1	Develop sales support material for the trade	March 2016
2	Ensure participation at National Home & Renovation Show	September 2016 + following months
3	Hire draftsperson with creative skills	June 2016
4	Sign retail agreements with 3 major retailers	Fall 2016
5	Implement ISO 9000 standards & make it known to clients, etc.	March 2017
6	Sign distribution agreement & negotiate shipping for the States	April 2017
7	Measure potential & test entry strategy in B.C. & Eastern Quebec	If potential, March 2017

ADDITIONAL INFORMATION

For the coming 2-3 years, all our major activities involve market development or product launching.

BUSINESS PLAN

Section 6 Executive Summary

Objectives / Description of the Project

Our general goal over the next 5 years is to increase sales, primarily in the export market (New England) and in other provinces (Eastern Quebec & British Columbia). The ultimate goal is to achieve 50% of gross sales from exports while developing domestic sales.

Business History / Nature of Operations

The business started operations in 1987 as a partnership, owned by two brothers (Jonathan and David Wright). At the start, the company made wooden doors and windows for the local new home market, and customers consisted of local residential construction companies. After having received several requests for custom made french doors, we decided to allocate further resources to meet this demand. As this market grew and conditions in the new home market deteriorated, this segment became the major part of operations, now accounting for 90% of sales.

Products and Services

Doors to the World manufactures custom wooden doors and windows for the residential construction and remodelling industry. Our windows and doors are inlaid with fine glass etchings and brass inlays and target the mid to high-end segment of the market.

Project Financing

Construct building addition	$250,000
Purchase new equipment	50,000
Total required	**$300,000**

Management / Advisors

Director 1

Jonathan Wright, President (70% ownership)
41 years old. Over 20 years' experience with the construction industry, 12 as an independent contractor. Main responsibilities: marketing, business planning & financial operations.

Director 2

David Wright, Corporate Secretary (30% ownership)
38 yrs. BA Univ. of Western Ontario, plus 11 years' experience with building supplies firms. Main responsibilities: production scheduling, purchasing, sales invoicing & office management.

BUSINESS **PLAN**

Section 6 | Executive Summary

Risk Assessment & Contingency Plan

We plan to finance our expansion in the US although alliances with local partners will be sought if necessary.

We have already begun talks with distributors in the US, but if sales targets are not met, our option is to sell back the proposed equipment to the supplier so that we can meet the loss that will be incurred. The building addition adds value to our property.

Financial Institution

Name: Royal Bank
Branch: Milton
Transit Number: 023 98765 110

Address: 1999 Main St.
City: Milton
Province: Ontario
Postal Code: N7M 4J2
Telephone : 618-555-4000
Fax : 618-555-4020
Name & Title of Contact : Doug William, Branch Manager

Supporting Documents

This business plan was prepared by Ms. Elaine Struthers, Management Consultant

BUSINESS **PLAN**

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Your business plan is divided into the following sections:

BUSINESS **PLAN**

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Your business plan is divided into the following sections:

1- Company Info

LEGAL NAME	Doors To The World, Inc.
TRADING NAME	Doors To The World, Inc.
ADDRESS	2020 Sommerhill Drive Suite Nº 203 New Barton, ON N2O 1T1
PHONE	(514) 555-2020 — FAX (519) 555-1010
E-MAIL	info@doorstotheworld.com
FORM OF COMPANY	Corporation
DATE COMPANY STARTED	September 2011
LAST FISCAL YEAR END	September 2014
LAST INTERIM STATEMENT	Month Year
BUSINESS SECTOR	
NAICS CODE	321911
% OF SALES THAT GO TO EXPORT	10%

A1

▶ 2- Sales

	HISTORICAL			PROJECTED		
SALES ACTIVITIES	sept-12	sept-13	sept-14	sept-15	sept-16	sept-17
French doors	$571,900	$625,300	$789,000	$863,000	$932,000	$1 007,000
Panel doors	275,400	225,000	218,900	180,000	194,000	210,000
Windows	74,100	83,000	114,300	130,000	140,000	151,000
New door model				75,000	94,000	127,000
TOTAL SALES ($)	**$921,400**	**$933,300**	**$1 122,200**	**$1 248,000**	**$1 360,000**	**$1 495,000**

SALES ACTIVITIES (%)						
French doors	62,1%	67,0%	70,3%	69,2%	68,5%	67,4%
Panel doors	29,9%	24,1%	19,5%	14,4%	14,3%	14,0%
Windows	8,0%	8,9%	10,2%	10,4%	10,3%	10,1%
New door model	0,0%	0,0%	0,0%	6,0%	6,9%	8,5%
	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%

▼ASSUMPTIONS REGARDING SALES

Sales will follow the eplanned expansion activities (distribution in other provinces and New England)
For both years, sales will not materialize until 6 months in the fiscal year (time to establish working relationships with distributiors, etc.)
New products will be lanuched October of next year
Projections suppose same price positioning and product quality (mid to high end)

A2

▶ 3- Cost of Sales

	HISTORICAL			PROJECTED		
	sept-12	sept-13	sept-14	sept-15	sept-16	sept-17
Opening Inventory	$173,700	$147,500	$227,100	$212,400	$270,000	$290,000
Material Purchases	491,900	576,900	611,700	670,000	710,000	778,000
Freight & Duty	18,600	20,300	22,700	25,000	35,000	38,000
Other				3,000	3,000	3,000
Closing Inventory (-)	147,500	227,100	212,400	270,000	290,000	270,000
Total Material Costs ($)	*$536,700*	*$517,600*	*$649,100*	*$640,400*	*$728,000*	*$839,000*
Direct Labour Wages	$80,800	$100,400	$120,900	$150,000	$158,000	$166,000
Repairs & Maintenance	4,800	1,000	1,700	2,500	3,000	3,000
Services / utilities	6,400	6,100	6,800	7,000	8,000	9,000
Depreciation	20,200	12,200	10,700	12,000	13,000	14,000
Overhead	18,400	21,200	28,800	32,000	35,000	37,000
Other	12,000	19,200	26,300	33,000	36,000	39,000
TOTAL COST OF SALES ($)	**$679,300**	**$677,700**	**$844,300**	**$876,900**	**$981,000**	**$1 107,000**

COST OF SALES (%)						
Opening Inventory	25,6%	21,8%	26,9%	24,2%	27,5%	26,2%
Material Purchases	72,4%	85,1%	72,5%	76,4%	72,4%	70,3%
Freight & Duty	2,7%	3,0%	2,7%	2,9%	3,6%	3,4%
Other	0,0%	0,0%	0,0%	0,3%	0,3%	0,3%
Closing Inventory (-)	21,7%	33,5%	25,2%	30,8%	29,6%	24,4%
Total Material Costs (%)	*79,0%*	*76,4%*	*76,9%*	*73,0%*	*74,2%*	*75,8%*
Direct Labour Wages	11,9%	14,8%	14,3%	17,1%	16,1%	15,0%
Repairs & Maintenance	0,7%	0,1%	0,2%	0,3%	0,3%	0,3%
Services / utilities	0,9%	0,9%	0,8%	0,8%	0,8%	0,8%
Depreciation	3,0%	1,8%	1,3%	1,4%	1,3%	1,3%
Overhead	2,7%	3,1%	3,4%	3,6%	3,6%	3,3%
Other	1,8%	2,8%	3,1%	3,8%	3,7%	3,5%
TOTAL COST OF SALES (%)	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**

▼ASSUMPTIONS REGARDING COST OF SALES

Input material costs are expected to remain fairly constant over the forecast period.
The addition of new employees is taken into account both in current year and in projection year 1.

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▶ 4- Expenses

	HISTORICAL			PROJECTED		
	sept-12	sept-13	sept-14	sept-15	sept-16	sept-17
Selling Salaries	$38,200	$46,900	$52,400	$58,500	$60,000	$63,000
Traveling						
Advertising	9,800	3,500	4,800	6,600	7,500	12,000
Shipping & Delivery	27,400	22,400	27,100	32,800	35,000	38,000
Depreciation						
Other	8,000	6,000	6,900	7,000	8,500	9,500
Total Sales Expenses ($)	*$83,400*	*$78,800*	*$91,200*	*$104,900*	*$111,000*	*$122,500*
Management Salaries	$32,000	$30,000	$35,000	$38,000	$42,000	$45,000
Office Salaries	34,400	38,100	41,400	44,000	46,000	48,000
Professional Fees	9,900	4,300	4,900	5,200	5,700	6,300
Telecommunication	7,000	9,300	9,100	9,300	8,500	9,500
Depreciation						
Office Expenses	12,600	13,700	17,100	19,200	22,500	24,000
Insurance & Taxes						
Bank Charges	14,300	18,500	16,100	17,500	18,500	17,000
Interest on L.T.D.	29,500	27,700	22,600	20,000	18,000	16,000
Bad Debts	8,700	2,700	4,200	5,000	6,000	8,000
Other						
Total Admin. Expenses ($)	*$148,400*	*$144,300*	*$150,400*	*$158,200*	*$167,200*	*$173,800*
Research & Development ($)				*$25,000*		
TOTAL EXPENSES ($)	**$231,800**	**$223,100**	**$241,600**	**$288,100**	**$278,200**	**$296,300**

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EXPENSES (%)						
Selling Salaries	16,5%	21,0%	21,7%	20,3%	21,6%	21,3%
Traveling						
Advertising	4,2%	1,6%	2,0%	2,3%	2,7%	4,0%
Shipping & Delivery	11,8%	10,0%	11,2%	11,4%	12,6%	12,8%
Depreciation						
Other	3,5%	2,7%	2,9%	2,4%	3,1%	3,2%
Total Sales Expenses (%)	*36,0%*	*35,3%*	*37,7%*	*36,4%*	*39,9%*	*41,3%*
Management Salaries	13,8%	13,4%	14,5%	13,2%	15,1%	15,2%
Office Salaries	14,8%	17,1%	17,1%	15,3%	16,5%	16,2%
Professional Fees	4,3%	1,9%	2,0%	1,8%	2,0%	2,1%
Telecommunication	3,0%	4,2%	3,8%	3,2%	3,1%	3,2%
Depreciation						
Office Expenses	5,4%	6,1%	7,1%	6,7%	8,1%	8,1%
Insurance & Taxes						
Bank Charges	6,2%	8,3%	6,7%	6,1%	6,6%	5,7%
Interest on L.T.D.	12,7%	12,4%	9,4%	6,9%	6,5%	5,4%
Bad Debts	3,8%	1,2%	1,7%	1,7%	2,2%	2,7%
Other						
Total Admin Expenses (%)	64,0%	*64,7%*	*62,3%*	*54,9%*	*60,1%*	*58,7%*
Research & Development (%)				8,7%		
TOTAL EXPENSES (%)	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**

▼ASSUMPTIONS REGARDING EXPENSES

A5

▶ 5- Income Statement

	HISTORICAL			PROJECTED		
	sept-12	sept-13	sept-14	sept-15	sept-16	sept-17
Total Sales	$921,400	$933,300	$1 122,200	$1 248,000	$1 360,000	$1 495,000
Total Cost of Sales	679,300	677,700	844,300	876,900	981,000	1 107,000
Gross Profit	*$242,100*	*$255,600*	*$277,900*	*$371,100*	*$379,000*	*$388,000*
Sales Expenses	$83,400	$78,800	$91,200	$104,900	111,000	122,500
Admin Expenses	148,400	144,300	150,400	158,200	167,200	173,800
R&D				25,00		
Total Expenses	*$231,800*	*$223,100*	*$241,600*	*$288,100*	*$278,200*	*$296,300*
PROFITS / LOSS FROM OPERATIONS BEFORE AMORTIZATION AND TAX	**$10,300**	**$32,500**	**$36,300**	**$83,000**	**$100,800**	**$91,700**
Amortization						
PROFITS / LOSS FROM OPERATIONS BEFORE TAX	*$10,300*	*$32,500*	*$36,300*	*$83,000*	*$100,800*	*$91,700*
Taxes						
Net income	***$10,300***	***$32,500***	***$36,300***	***$83,000***	***$100,800***	***$91,700***

▼NOTES TO INCOME STATEMENT

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6- Statement of Financial Position

2014

ASSETS		LIABILITIES	
Cash	$2,800	Bank Loan	$110,000
Accounts Receivable	127,600	Accounts Payable	69,200
Inventory	1,300	Accruals	9,200
Prepaid Expenses	147,600	Current Portion of L.T.D.	32,900
Other	2,300	Income Taxes Payable	2,700
		Other	
Current Assets	*$281,600*	*Current Liabilities*	*$224,000*
Land	$248,600	Term Debt	$196,600
Building	15,800	Shareholders' Advances	64,100
Furniture & Fixtures	19,800	Other	
Equipment & Machinery	15,000	*Non Current Liabilities*	*$260,700*
Other			
Net Fixed Assets	*$299,200*	Common Shares	$60,000
		Preferred Shares	
Research & Development	$2,100	Retained Earnings	38,200
Other Assets		Contributed Surplus	
Other Assets	*$2,100*	TOTAL SHAREHOLDERS' EQUITY	*$98,200*
TOTAL ASSETS	*$582,900*	LIABILITIES + S/H EQUITY	*$582,900*

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STATEMENT OF FINANCIAL POSITION (CON'T)

2015

ASSETS	
Cash	$3,100
Accounts Receivable	140,400
Inventory	1,400
Prepaid Expenses	162,400
Other	2,500
Current Assets	*$309,800*
Land	$273,500
Building	
Furniture & Fixtures	17,400
Equipment & Machinery	21,800
Other	16,500
Net Fixed Assets	*$329,200*
Research & Development	$2,300
Other Assets	
Other Assets	*$2,300*
TOTAL ASSETS	*$641,300*

LIABILITIES	
Bank Loan	$160,000
Accounts Payable	76,100
Accruals	10,100
Current Portion of L.T.D.	36,200
Income Taxes Pa	3,000
Other	
Current Liabilities	*$285,400*
Term Debt	$216,300
Shareholders' Advances	70,500
Other	
Non Current Liabilities	*$286,800*
Common Shares	$66,000
Preferred Shares	
Retained Earnings	3,100
Contributed Surplus	
TOTAL SHAREHOLDERS' EQUITY	*$69,100*
LIABILITIES + S/H EQUITY	*$641,300*

STATEMENT OF FINANCIAL POSITION (CON'T)

2016

ASSETS	
Cash	$5,100
Accounts Receivable	145,400
Inventory	6,400
Prepaid Expenses	167,400
Other	7,500
Current Assets	*$331,800*
Land	$278,500
Building	
Furniture & Fixtures	17,400
Equipment & Machinery	26,800
Other	215,000
Net Fixed Assets	*$537,700*
Research & Development	$5,300
Other Assets	
Other Assets	*$5,300*
TOTAL ASSETS	*$874,800*

LIABILITIES	
Bank Loan	$165,000
Accounts Payable	36,100
Accruals	25,100
Current Portion of L.T.D.	45,200
Income Taxes Payable	8,000
Other	
Current Liabilities	*$350,400*
Term Debt	$245,300
Shareholders' Advances	85,500
Other	9,000
Non Current Liabilities	*$339,800*
Common Shares	$89,000
Preferred Shares	50,400
Retained Earnings	45,200
Contributed Surplus	
TOTAL SHAREHOLDERS' EQUITY	*$184,600*
LIABILITIES + S/H EQUITY	*$874,800*

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STATEMENT OF FINANCIAL POSITION (CON'T)

2017

ASSETS	
Cash	$5,100
Accounts Receivable	145,400
Inventory	6,400
Prepaid Expenses	167,400
Other	7,500
Current Assets	*$331,800*
Land	$278,500
Building	
Furniture & Fixtures	17,400
Equipment & Machinery	26,800
Other	215,000
Net Fixed Assets	*$537,700*
Research & Development	$5,300
Other Assets	
Other Assets	*$5,300*
TOTAL ASSETS	*$874,800*

LIABILITIES	
Bank Loan	$165,000
Accounts Payable	36,100
Accruals	25,100
Current Portion of L.T.D.	45,200
Income Taxes Payable	8,000
Other	
Current Liabilities	*$350,400*
Term Debt	$245,300
Shareholders' Advances	85,500
Other	9,000
Non Current Liabilities	*$339,800*
Common Shares	$89,000
Preferred Shares	50,400
Retained Earnings	45,200
Contributed Surplus	
TOTAL SHAREHOLDERS' EQUITY	*$184,600*
LIABILITIES + S/H EQUITY	*$874,800*

▼NOTES TO STATEMENT OF FINANCIAL POSITION

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▶ 7- Cash Flow

2015	October	November	December	January	February	March
Collection of Sales	$113,900	$102,700	$99,800	$99,500	$97,000	$115,000
Loans/ Investments				200,000		
Sale of Assets						
Other						
Total Source	*$113,900*	*$102,700*	*$99,800*	*$299,500*	*$97,000*	*$115,000*
Purchases Payment	$47,200	$44,600	$44,500	$44,700	$53,000	$58,000
Direct Labour Wages	13,900	13,900	13,900	13,900	13,900	13,900
Repairs & Maintenance						
Utilities & Taxes						
Sales Expenses	6,100	6,100	6,400	6,400	6,100	6,100
Administrative Expenses	12,000	12,000	12,000	12,000	12,000	12,000
Interest	4,100	3,600	3,600	3,700	3,700	3,700
Repayment of the Debt	3,800	3,800	3,800	3,800	4,200	4,200
Other	5,300	5,300	10,300	10,300		
Total Application	*$92,400*	*$89,300*	*$94,500*	*$94,800*	*$92,900*	*$97,900*
Surplus/ (Deficit)	$21,500	$13,400	$5,300	$204,700	$4,100	$17,100
Opening Cash Position	-142,300	-120,800	-107,400	-102,100	102,600	106,700
CASH / LOAN REQUIRED	**-$120,800**	**-$107,400**	**-$102,100**	**$102,600**	**$106,700**	**$123,800**

2015 (con't)	April	May	June	July	August	September
Collection of Sales	$99,800	$110,000	$102,000	$120,000	$125,000	$102,000
Loans/ Investments						
Sale of Assets						
Other						
Total Source	*$99,800*	*$110,000*	*$102,000*	*$120,000*	*$125,000*	*$102,000*
Purchases Payment	$46,500	$55,000	$50,000	$53,000	$52,000	$58,000
Direct Labour Wages	14,500	14,500	14,500	14,500	14,500	14,500
Repairs & Maintenance	3,000		3,000	3,000		
Utilities & Taxes	5,000		6,400			6,000
Sales Expenses	6,000	6,100	12,000	6,400	6,400	6,400
Administrative Expenses	12,000	12,000	3,700	12,000	12,000	12,500
Interest	3,700	3,700	4,200	3,700	3,700	3,700
Repayment of the Debt	4,200	4,200		4,200	4,200	4,200
Other	2,500					
Total Application	*$97,400*	*$95,500*	*$93,800*	*$96,800*	*$92,800*	*$105,300*
Surplus/ (Deficit)	$2,400	$14,500	$8,200	$23,200	$32,200	-$3,300
Opening Cash Position	123,800	126,200	140,700	148,900	172,100	204,300
CASH / LOAN REQUIRED	**$126,200**	**$140,700**	**$148,900**	**$172,100**	**$204,300**	**$201,000**

CASH FLOW (CON'T)

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2016	October	November	December	January	February	March
Collection of Sales	$125,300	$113,000	$109,800	$109,500	$106,700	$126,500
Loans/ Investments						
Sale of Assets						
Other						
Total Source	*$125,300*	*$113,000*	*$109,800*	*$109,500*	*$106,700*	*$126,500*
Purchases Payment	$51,200	$60,500	$55,000	$58,300	$57,200	$63,800
Direct Labour Wages	14,500	14,500	14,500	14,500	14,500	14,500
Repairs & Maintenance	3,300		3,300	3,300		
Utilities & Taxes	5,500					6,600
Sales Expenses	6,600	67,000	7,000	7,000	7,000	7,000
Administrative Expenses	12,500	12,500	12,500	12,500	12,500	12,500
Interest	3,700	3,700	3,700	3,700	3,700	3,700
Repayment of the Debt	4,200	4,200	4,200	4,200	4,200	4,200
Other						
Total Application	*$101,500*	*$102,100*	*$100,200*	*$103,500*	*$99,100*	*$112,300*
Surplus/ (Deficit)	$23,800	$10,900	$9,600	$6,000	$7,600	$14,200
Opening Cash Position	$201,000	$224,800	$235,700	$245,300	$251,300	$258,900
CASH / LOAN REQUIRED	**$224,800**	**$235,700**	**$245,300**	**$251,300**	**$258,900**	**$273,100**

2016 (con't)	April	May	June	July	August	September
Collection of Sales	$109,500	$121,000	$112,000	$132,000	$130,000	$120,000
Loans/ Investments						
Sale of Assets						
Other						
Total Source	*$109,500*	*$121,000*	*$112,000*	*$132,000*	*$130,000*	*$120,000*
Purchases Payment	$51,000	$60,500	$55,000	$58,300	$57,200	$63,800
Direct Labour Wages	14,500	14,500	14,500	14,500	14,500	14,500
Repairs & Maintenance	3,300		3,300	3,300		
Utilities & Taxes	5,500					6,600
Sales Expenses	6,600	6,710	7,040	7,040	7,040	7,040
Administrative Expenses	12,500	12,500	12,500	12,500	12,500	13,000
Interest	3,700	3,700	3,700	3,700	3,700	3,700
Repayment of the Debt	4,200	4,200	4,200	4,200	4,200	4,200
Other	2,400					
Total Application	*$103,700*	*$102,110*	*$100,240*	*$103,540*	*$99,140*	*$112,840*
Surplus/ (Deficit)	$5,800	$18,890	$11,760	$28,460	$30,860	$7,160
Opening Cash Position	$273,100	$278,900	$297,790	$309,550	$338,010	$368,870
CASH / LOAN REQUIRED	**$278,900**	**$297,790**	**$309,550**	**$338,010**	**$368,870**	**$376,030**

▼NOTES TO CASH FLOW

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▶ 8- Financial Requirements

	2014	2015
Land	$150 000	
Building		
Equipment & Machinery	$5 000	
Furniture & Fixtures		
Research & Development		
Total Assets	*$155 000*	
Working Capital		
Total Others		

Existing Loan 1

Creditor	*Savings Bank of Canada*	
Purpose	*Equipment*	
Type	Term Loan	
Collateral	*Millwork equipment, letter of credit*	
Outstanding	*$15 000*	
Maturity Date	*March, 2015*	
Interest Rate	*8,99%*	
Repayment	Monthly	Blended + Interest

Existing Loan 2

Creditor		
Purpose		
Type		
Collateral		
Outstanding		
Maturity Date		
Interest Rate		
Repayment		

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Existing Loan 3

Creditor

Purpose

Type

Collateral

Outstanding

Maturity Date

Interest Rate

Repayment

▼NOTES REGARDING FINANCIAL REQUIREMENTS

The loan no.1 is needed in order to meet our sales objectives for year 2.

▶ 9- Performance Indicators

	HISTORICAL	PROJECTED		
	sept-14	sept-15	sept-16	sept-17
Current Ratio	1,26	1,09	0,95	0,95
Age of Accounts Receivable	40,93	40,50	38,49	35,01
Inventory Turnover (times)	649,46	626,36	153,28	172,97
Interest Coverage	2,61	5,15	6,60	6,73
Total Debt to Equity (%)	1,41	1,81	1,08	1,08
Return on Investment (%)	22,37	59,46	37,32	33,95
Return on Assets (%)	6,23	12,94	11,52	10,48
Asset Turnover (times)	1,93	1,95	1,55	1,71

▼NOTES REGARDING PERFORMANCE INDICATORS

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▶ 10- Personal Status

DIRECTOR / BACKER Nº 1

LAST NAME ▶ Wright
FIRST NAME & INITIALS ▶ Johnathan W.
ADDRESS ▶ 102 Elm Drive
New Barton, ON N2O 3T3

TELEPHONE: WORK ▶ 519-555-5020 HOME ▶ 519-555-2003 DATE OF BIRTH 12/13/1962
E-MAIL ▶ jwright@doorstotheworld.com

(if less than 3 years at present one)

PRESENT EMPLOYER ▶	Doors to the World	PREVIOUS EMPLOYER	
EMPLOYER'S TELEPHONE ▶	Same	TELEPHONE	
HOW LONG IN CURRENT JOB? ▶	15 years	HOW LONG?	
SALARY ▶	$58 000	SALARY	

FAMILY

YOUR STATUS ▶ Married

Nº OF DEPENDENTS ▶ 2 (excluding spouse)

SPOUSE'S LAST NAME ▶	Wright	SPOUSE'S EMPLOYER	Monitel Communications
FIRST NAME ▶	Marie	TELEPHONE	519-555-9928
DATE OF BIRTH ▶	12/13/1962	HOW LONG?	9 years
OCCUPATION ▶	VP Finances	SALARY	$67 000

FINANCIAL STATUS

SOURCE OF INCOME	ANNUAL AMOUNT	COMMENTS
Employment	$125 000	
2030293 Canada Inc.	15 000	
	$140 000	

ASSETS		LIABILITIES	
Cash	$6 000	Bank Loans (owing)	$25 000
RRSP	85 000	Credit Cards	2 500
Life Insurance (cash value)	500 000	Mortgages, etc.	180 000
Real Estate (present value)	230 000		
Automobiles	32 000		
Stocks, bonds, etc. ($ value)	8 000	**Total Liabilities**	$207 500
Household & Personal Effects	5 000		
Total Assets	$866 000	**NET WORTH**	$658 500

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DIRECTOR / BACKER Nº 2

LAST NAME ▸ Wright
FIRST NAME & INITIALS ▸ David
ADDRESS ▸ 2203 Lakeside Street
New Barton, On N2O 2T0

TELEPHONE: WORK ▸ 519 555-5020 HOME 519 555-2293 DATE OF BIRTH 10/13/1965
E-MAIL ▸ dwright@doorstotheworld.com

(if less than 3 years at present one)

PRESENT EMPLOYER ▸ Doors to the World — PREVIOUS EMPLOYER
EMPLOYER'S TELEPHONE ▸ Same — TELEPHONE
HOW LONG IN CURRENT JOB? ▸ 12 years — HOW LONG?
SALARY ▸ $47 000 — SALARY

FAMILY

YOUR STATUS ▸ Single
Nº OF DEPENDENTS ▸ 0 (excluding spouse)
SPOUSE'S LAST NAME ▸ — SPOUSE'S EMPLOYER
FIRST NAME ▸ — TELEPHONE
DATE OF BIRTH ▸ — HOW LONG?
OCCUPATION ▸ — SALARY

FINANCIAL STATUS

SOURCE OF INCOME	ANNUAL AMOUNT	COMMENTS
Employment	$47 000	
	$47 000	

ASSETS		LIABILITIES	
Cash	$3 000	Bank Loans (owing)	$5 000
RRSP	60 000	Credit Cards	6 000
Life Insurance (cash value)	500 000	Mortgages, etc.	150 000
Real Estate (present value)	180 000		
Automobiles	6 000		
Stocks, bonds, etc. ($ value)		Total Liabilities	$161 000
Household & Personal Effects	6 000		
Total Assets	$755 000	NET WORTH	$594 000

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DIRECTOR / BACKER Nº 3

LAST NAME ▸

FIRST NAME & INITIALS ▸

ADDRESS ▸

TELEPHONE: WORK ▸ HOME ▸ DATE OF BIRTH

E-MAIL ▸

(If less than 3 years at present one)

PRESENT EMPLOYER ▸ PREVIOUS EMPLOYER

EMPLOYER'S TELEPHONE ▸ TELEPHONE

HOW LONG IN CURRENT JOB? ▸ HOW LONG?

SALARY ▸ SALARY

FAMILY

YOUR STATUS ▸

Nº OF DEPENDENTS ▸ (excluding spouse)

SPOUSE'S LAST NAME ▸ SPOUSE'S EMPLOYER

FIRST NAME ▸ TELEPHONE

DATE OF BIRTH ▸ HOW LONG?

OCCUPATION ▸ SALARY

FINANCIAL STATUS

SOURCE OF INCOME	ANNUAL AMOUNT	COMMENTS

ASSETS	LIABILITIES
Cash	Bank Loans (owing)
RRSP	Credit Cards
Life Insurance (cash value)	Mortgages, etc.
Real Estate (present value)	
Automobiles	
Stocks, bonds, etc. ($ value)	**Total Liabilities**
Household & Personal Effects	
Total Assets	**NET WORTH**

END OF SECTION 7. PLEASE PRINT THIS DOCUMENT AND INCLUDE IT IN THE APPENDIX OF THE BUSINESS PLAN

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