



Sample Landscaping Business Plan



The following sample landscaping business plan has been developed and created by Cambium Indigenous Professional Services. This sample landscaping business plan has been created to help you understand and visualize how a professional landscaping business plan looks like. In addition, this sample business plan will allow you to see the necessary components of a professionally designed plan so that you can use as a reference for your own business planning process.

Please remember that this sample business plan uses a fictional company and scenario. Any business, person or location resemblance is coincidental.

This sample landscaping business plan can be used as a reference but please, do not resell as your own or for other commercial purposes. This sample business plan is property of Cambium Indigenous Professional Services.

If you or your community needs assistance developing a professional business plan, strategic plan or community development plan, please contact Cambium Indigenous Professional Services at:

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Henry John wishes to establish his very own landscaping company - HJ Landscaping. As proposed, HJ Landscaping will operate year round and will target the Aboriginal and non-Aboriginal local residential, non-permanent residential, commercial and government market within and around the Territory of Anytown. Services offered by HJ Landscaping include:

- Lawn Maintenance: Fertilizing, cutting, edging, trimming, installing sod, watering, and sprinkler system set up.
- Carpentry: Deck, patio and fence design, maintenance, repair and construction.
- Brick Works: Design and installation of interlocking brick for driveways, stairs, walkways, yard separators and walls.
- Snow Removal: Driveways, walkways, stairs, decks and roofs.

It is estimated that this company will start up in the summer of 2009. The location of the business will be within the Territory of Anytown.

Within Anytown today there are no other specialized landscaping companies that serve this market need solely. There are however, a few local construction companies that either subcontract out all landscaping projects to non-Native companies or attempt to perform the services themselves. Despite all of this, the fact remains that there is a definite need for a local specialized supplier of landscaping services to serve the residential and commercial markets.

After careful consideration, Henry John has identified the required capital, operational, marketing and business support requirements his business will need in order to properly establish HJ Landscaping. They are as follows:

- Invest into the purchase of a company vehicle to store and haul equipment, materials, and employees to and from job sites (\$35,000).
- Purchase a trailer to store and haul equipment and material to a from job sites (\$11,500).
- Invest into new tools and equipment to perform a wide range of lawn care services (\$8,000).
- Invest into hand and power tools needed to perform brick and carpentry work on-site (\$18,000)
- Purchase necessary snow removal equipment (\$5,000).
- Purchase time and money saving office equipment and furniture (\$5,000).



- Invest \$5,000 into company advertising.
- Invest \$8,000 into business support.

The costs and financing table below summarizes the proposed costs and how Henry John proposes to finance these costs.

Costs and Financing Table			
Proposed Costs		Proposed Financing	
Capital:		Capital:	
Vehicle and Trailer	\$46,500	Cash Equity (10%)	\$8,250
Lawn Care Equipment	\$8,000	ABC (40%)	\$26,400
Carpentry & Brick Work Equipment	\$18,000	Comm. Ec. Dev. Review Board (12%)	\$9,550
Snow Removal Equipment	\$5,000	Comm. Ec. Dev. Review Board (5%)	\$4,775
Office Equipment & Furniture	\$5,000	Youth Strategy Loan (18%)	\$15,000
		YET Economic Group (15%)	\$18,525
Total Capital	\$82,500	Total Capital	\$82,500
Marketing Costs		Marketing Financing	
Start Up & Ongoing Activities	\$5,000	Cash from Operations (60%)	\$3,000
		ABC (40%)	\$2,000
		Total Marketing Financing	\$5,000
Business Support:		Business Support Financing:	
Business Aftercare Costs	\$2,000	ABC (29%)	\$2,250
Mentoring and Support	\$3,000	Cash from Operations (71%)	\$5,750
Accounting Fees	\$3,000		
Total Business Support Costs	\$8,000	Total Business Support Financing	\$8,000
Total Project Cost	\$95,500	Total Project Financing	\$95,500

As identified in the costs and financing table above, Henry John's project is estimated to cost \$95,500 to implement. Of these costs, \$82,500 is made up of capital, \$5,000 contains marketing activities and the remaining \$8,000 is for business support.

The remainder of the plan outlines the proposed management plan, industry and market assessment, as well as the marketing, operational and financial plan for the business.



2.1 OWNERSHIP STRUCTURE

HJ Landscaping will be owned and operated as a sole proprietorship by Mr. Henry John. This business structure well suits the type and nature of the business and will give Henry John the freedom he needs to make this project a success.

It should also be noted that the business was registered within the province of Quebec on July 18, 2007.

2.2 MANAGEMENT TEAM

Henry John has over 8 years experience in providing forestry and carpentry services as well operating various pieces of equipment for construction and road maintenance. Simply put, he is an individual that enjoys working outdoors and within and for his community and Anytown. Henry John believes strongly that the opportunity at hand and the skills he's acquired over the past decade leads to a good fit in terms of starting his own landscaping business.

Key highlights of Henry John's professional work experience and education are as follows:

- Henry John has a good understanding of the various landscaping and service contracts that the First Nation needs fulfilled annually.
- Henry John is knowledgeable regarding the landscaping needs of both the residential and commercial market from a consumer's standpoint within and around Anytown.
- Henry John has a solid reputation of providing quality carpentry and equipment operating services to the community and its membership.
- Henry John has learned how to prepare accurate job quotes to compete for work within the open market.

As the owner and operator of HJ Landscaping, Henry recognizes that there are a number of tasks for him to complete annually and on a day to day basis in order to be successful. More specifically, these tasks include:

Management and Administrative:

- The overall management of HJ Landscaping
- Set work schedules and manage workers
- Develop work estimates, quotes and proposals for services for clients
- Invoice and collect payment from clients
- Regular banking duties
- Maintain the equipment and vehicles of the business
- Develop sales and service contracts for clients
- Cold call clients to obtain contracts and work



- Design and implement ongoing marketing activities
- Resolve work-related problems and prepare and submit progress and other reports
- Train workers in job duties and company policies
- Requisition supplies and materials

Landscaping:

- Perform the following duties: maintain lawns, gardens, athletic fields, cemeteries, parks, interior plantscapes and other landscaped areas; spread topsoil and lay sod; spray, prune, cut and remove trees and shrubs; construct landscape and landscape structures; and plant, cultivate and harvest trees, shrubs, flowers and plants
- Establish work schedules and procedures and co-ordinate activities with other work units

Carpentry and Brick Work:

- Read and interpret blueprints, drawings and sketches to determine specifications and calculate requirements
- Prepare layouts in conformance to design and codes, using measuring tools
- Measure, cut, shape, assemble and join materials made of wood, wood substitutes, lightweight steel and other materials

Snow Removal:

- Operate snowplow to remove snow from streets, highways, parking lots and driveways.
- Operate the sander or salting apparatus on truck when and if needed.

Henry John is projecting to make annual draws from his company in the amount of \$25,000 for the next three years. It should be noted that Henry John is in the process of applying for subsidies to assist with payroll and owners draws from the CC Human Resource Development agency.

In the unlikely event that Henry John is unable to perform his duties and owner, he will ask his father, Henry John Sr. to step and manage the company on an interim basis.

2.3 PROFESSIONAL NEEDS ASSESSMENT

From a management and administrative standpoint, Henry John acknowledges that he has some weaknesses that must be addressed. Knowing this has allowed him to contact other professionals who are willing to assist him in the areas below.

Accounting/Bookkeeping

The services of a local accounting firm or bookkeeper will be needed to assist Henry John with setting up the financial system of the company. It is estimated that the company will need approximately \$3,000 to retain the services of an accountant or bookkeeper to set up and maintain the financial records for the business annually.

Aftercare Services

Preparing and submitting funding claims and paperwork for financial institutions can be very



time consuming. It is for this reason why ABC Aboriginal Management Services has been approached to assist with preparing reports YET Group, Aboriginal Business Canada and Anytown First Nation. It is estimated that these services will cost \$2,000.

Industry Specific Business Mentor and Coach

As a mindful entrepreneur, Henry John realizes that he will need industry specific assistance and guidance to ensure that his company is servicing its clients properly – and within a certain set of industry ethics. This is especially important early on in business development. It is for this reason why Henry John approached Mr. Joe Halm who is a professional Agrologist. Mr. Halm has done work locally with Anytown and has agreed to be Henry's Coach in the areas of gardening and landscape. More specifically, Joe will coach Henry for a period of one year once his business is approved for funding. Mr. Halm will ensure the company operates according to the Code of Ethics in the practice of Agrology. Coaching areas include:

- Soil (testing – preparation – soil treatment)
- Turf grass cultivation and maintenance
- Flower beds planting and maintenance
- Trees and shrubs planting and transplanting
- Hedges and green fences
- Integrated Pest Management
- Fertilizers application
- Landscape design tools
- Gardens irrigation
- Composting and organic matter standards and specifications for residential and commercial garden projects
- Green house plants
- Types of gardens
- Gardens risk management

For coaching services, John will pay Latif \$3,000. A letter from Joe has been included in the Attachments outlining the terms of his assistance and professional experience.

In year 1, Henry John will spend a total of \$8,000 on business support services altogether. By addressing all identified weakness, Henry John has surrounded himself with the necessary professionals he needs to assist him along the way. This lessens the chance of management flaws and will allow him to concentrate on making sales and providing landscaping services to his clients, which is where his time and effort is best spent.



3.1 INDUSTRY DEFINITION

HJ Landscaping will belong to and operate within what is defined as Canada's Landscaping Services industry. Under the North American Industry Classification System (NAICS), the definition for this industry is as follows:

This Canadian industry comprises establishments primarily engaged in providing landscape care and maintenance services and/or installing trees, shrubs, plants, lawns or gardens, and establishments engaged in these activities along with the construction (installation) of walkways, retaining walls, decks, fences, ponds and similar structures. (NAICS - 561730)

Source: Statistics Canada

3.2 INDUSTRY OVERVIEW

The information contained in this sub-section was gathered and published by Statistics Canada regarding the landscaping services industry in Canada.

- Within Canada, approximately 71.1% of all landscaping services establishments are profitable. On average, these businesses generated net profits representative of 6.5% of sales. Cost of sales for landscaping services establishments is approximately 44.8% of sales. Most of this is made up of materials and wages. The average gross margin of these establishments was 55.2%
- Within the province of Quebec, approximately 73% of all landscaping services establishments are profitable. On average, these businesses generated net profits representative of 6.5% of sales. Cost of sales for landscaping services establishments is approximately 46.7% of sales. Most of this is made up of materials and wages. The average gross margin of these establishments was 53.3%
- A key characteristic of businesses within this industry is that the companies within the lower half of the industry or those that generated between \$30k and \$176k in sales annually, made much more profits at 12.9%. Simply put, the larger the company the less profits they generated. A key reason for this is that management and equipment costs are fixed and therefore, the profitability of individual companies is dependent on demand volume and operations' efficiency. Therefore, smaller companies can easily compete with larger ones, except when providing services to larger clients.
- A high number of landscaping service companies in Canada also offered property maintenance services too. This is mainly done generate more sales streams as well as to enable the company to generate sales all year round as opposed to just in the warmer weather months. From a client's standpoint, it is also more convenient to hire one company to maintain and provide all necessary services needed to keep up personal and commercial property as opposed to more than one.



- Within Canada, there are approximately 16,084 landscaping service businesses. Of these, a majority employ between 1 and 4 employees.
- The lawn and landscape industry established itself as an important part of the service sector of the economy in the late 1990s. By the early 2000s, retail sales of lawn and garden products and professional lawn care services reached \$22 billion in the U.S.
- Annual revenue generated per employee is approximately \$70,000 per year.
- Technology used in this industry is very basic. Trucks, mowers, and blowers are the major pieces of equipment used.

In an online landscape survey conducted by the Canadian Nursery Landscape Association regarding landscape contractors in the winter of 2007 it was found that:

- More and more landscape contractors and service providers are investing in the necessary on-site payment technology to be able to accept debit and credit card payment on-site. Although there is higher capital costs involved, it is advantageous to both consumer and company to do so.
- Approximately half of all contractors and companies hire and employ certified staff.
- Another interesting upward trend for landscaping services companies and contractors is to offer financing options to their customers.
- Attending tradeshow are a great way to promote what companies have to offer and what great work they have done to date.
- Municipal and city by-laws prohibiting the use of harmful chemical pesticides have forced operators in the industry to go green. In addition to this, consumers prefer buying services from those companies who are green operators.

Overall, the landscaping services and lawn care industry in Canada is extremely healthy and growing annually.

3.3 TARGET MARKET

HJ's Landscaping have identified their target market area as the Territory of Anytown. More specifically, Henry's company will target three key segments of this market area, which are:

1. Residential Market within Anytown – Primary Market
2. Government and Non-Profit Market within Anytown – Secondary Market
3. Commercial Market within Anytown – Tertiary Market

Contained below are summaries of the aforementioned target markets of the company.



1. Residential Market – Primary Market

The data below was gathered and published by Indian and Northern Affairs Canada and Statistics Canada in its most recent Census regarding the Nation of Anytown.

The Nation of Anytown is located approximately 90 kilometers northeast of Nexton, on the shore of Lake George. The territory covers a land mass that is approximately 1,380 square kilometers. As of March 2008 the registered population was 4,001. Approximately 3,125 members reside within the Nation. Of these members 1,572 are male and the remaining 1,553 are female. Statistics Canada reports that the median age of the population is 24.5 years. Of those residing on the reserve, approximately 34.19% of the population or 1,068 members are between the ages of 15 and 34. Also, 24.17% or 755 members are between the ages of 35 – 59.

Statistics Canada reports that the number of private dwellings that are occupied by usual residents total 683. The average number of members per household is 4.5. 2001 Census data regarding income indicates that the average total income per person is \$20,810 annually. Members 15 years of age and older with income is approximately 1,990.

Ideally, Henry will target the families who are too busy to take the time to maintain their property on a regular basis as well as those wishing to build an exterior landscape structure in addition to new home owners.

2. Government and Non-Profit Market

Like most First Nations in Canada, the public administration and non-profit sector within Anytown is a large employer. Additionally, this sector is a major purchaser of local goods and services of all types – including landscaping services.

It is estimated that the within the First Nation administration itself that those departments responsible for administering programs in economic development, housing, public works, capital projects and infrastructure will require the services of Henry John's company regularly. At the time this plan was prepared, the budgets of these correspondent First Nation departments were unknown. It is however, estimated that approximately \$150 - \$350k is spent on services similar in nature to what HJ's Landscaping will provide.

Additionally, Henry John met with Johnny Antwin, an employee of the Nation of Anytown to inform him of the establishment of his company. Johnny informed Henry John that there will be 13 new residential sod jobs in the community this summary and another 35 next year alone. In addition to this, an open bid to maintain all band properties will be held late May or early June. As a result of this meeting, Henry John has been invited to submit a bid for this contract among other landscaping jobs for this year.

From a non-profit standpoint, there are several agencies and organizations that require the landscaping services of a company like HJ's Landscaping. Within Anytown alone, there are approximately 15 separate non-profit agencies who are potential customers of the company. Ideally, these entities have medium to large properties that need to be maintained and/or landscaped regularly and also have the budget to pay for the service to up keep them.



3. Commercial Market

Within Anytown there are approximately 30 for profit enterprises operating. Types of businesses include: arts and crafts, convenience store, laundry, banking services, day care services, canoes, food supplier, post office, tackle shop, cleaner, real estate services, taxi, clothing, furniture, restaurant, video rental and gasoline. Of these aforementioned businesses, John will target those companies with properties that require one time and regular warm and cold weather maintenance and services.

3.4 MARKET SUMMARY & CALCULATION

This sub-section will combine the data presented in the previous sub-section with expenditure data from Statistics Canada along with conservative assumptions to calculate the overall size of the landscaping services market within Anytown by market segment. In particular:

- Statistics Canada Survey of Household Spending reveals that the average household in Canada spends approximately \$74 annually on horticultural services, snow and garbage removal services.
- Of the entire residential market within Anytown, approximately 25 homes will build a deck, stairway, patio etc. at a cost including material of \$3,000.
- It is assumed that the Band Administration of the Nation of Anytown spends and outsources approximately \$200,000 per year on landscaping and property maintenance services annually.
- It is assumed that the average non-profit organization or agency spends approximately \$5,000 on landscaping and property maintenance services annually.
- It is assumed that the average for profit business in Anytown spends approximately \$2,500 on landscaping and property maintenance services annually.

The table below summarizes the size of each market segment in units, expenditure on landscaping and property maintenance services per year and the overall size of each segment in dollars.

Market Summary and Calculation			
Market Segment within Anytown	Size in Units	Annual Expenditure on Similar Service	Total Size of Market
Residential – Property Care Services	683	\$74	\$50,542
Residential – Landscape Structures	25	\$3,000	\$75,000
Government	1	\$200,000	\$200,000
Non-Profit	15	\$5,000	\$75,000
Commercial	30	\$2,500	\$75,000
Total			\$475,542



As identified in the table above, the market for landscaping services just within the Territory of Anytown is worth approximately \$475,542 annually. This calculation is very conservative and does not take into account the service demand stemming from new home development. As stated earlier in the plan, the First Nation will be building 13 homes which will need sod this summer. With the average sod job at \$3,000 per home built, there is a potential sod business of \$39,000 (13 homes x \$3,000) in 2009 and \$105,000 (35 homes x \$3,000) in 2010.

Within the first year of operation, it is estimated that John will generate approximately \$100,000 in sales. This represents a market capture of 21%. If John operates 6 days a week for 50 weeks each year this represents a daily sales figure of \$333.33 for 300 days.

3.5 COMPETITIVE ENVIRONMENT

As documented earlier in this plan, there are no other landscaping specific companies within Anytown. There are however two other companies which compete for the landscaping jobs within the community. They are M & J Transport and W-W Forestry Reg.

M & J Transport is a trucking company and is only awarded landscaping contracts mainly because they are local and have some of the required equipment to fulfill some of the contracts.

W-W Forestry Reg is a forestry services company. They recently received landscaping contracts, but sub-contracted another non-Native company to come to the community to perform the services.

Some key competitive advantages that HJ Landscaping will have over its aforementioned counterparts are:

- A company specializing in providing quality residential and commercial landscaping services locally.
- Henry will be coached by a professional in the industry.
- Services will be rendered using new time and money saving equipment.
- Landscaping services will be provided in accordance to the Code of Ethics in the practice of Agrology.
- Prices offered will be at competitive and fair rates.
- All services will be guaranteed and back up by a service warranty.



4.1 SERVICES AND PRICING

A *Landscaping Services*

HJ Landscaping will offer its' residential, government, commercial and non-profit clients a wide array of specialized services.

- **Lawn Maintenance:** Fertilizing, cutting, edging, trimming, installing sod, watering, and sprinkler system set up.
- **Carpentry:** Deck, patio and fence design, maintenance, repair and construction.
- **Brick Works:** Design and installation of interlocking brick for driveways, stairs, walkways, yard separators and walls.
- **Snow Removal:** Driveways, walkways, stairs, decks and roofs.

B *Service Pricing*

Similar to other landscaping companies in Canada, HJ Landscaping will charge its' clients on a either a contract or one time purchase basis. For example, a particular agency may require a service contract for the delivery of select services or a household may call to have their lawn cut once. Whatever the case may be, Henry will price each service call or contract like any other service provider industry which will be as follows:

$$\text{Labor} + \text{Materials} + \text{Fuel} + \text{Travel} + \text{Desired Mark Up} = \text{Selling Price}$$

Henry's hourly rate per hour will be \$30. The table below illustrates the average charge per service provided by unit and service contract.

Pricing Table				
Service	One Time	Seasonal Contract	Direct Costs	Profit
Lawn Care				
Cutting, Edging & Trimming	\$20 - \$50	\$300 - \$600	44%	56%
Installing Sod	.97 cents per square foot	Contract by Contract Basis	40%	60%
Fertilizing and Surface and Sub-Surface Treatments	\$40 or .15 - .30 cents per square foot	\$120 to \$300 depending on lawn size and treatment	40%	60%
Mechanical Aeration	\$10 - \$40 depending on lawn size	\$20 - \$80	25%	75%
Weed Control	\$20 - \$40 depending on lawn	\$40 - \$80	40%	60%



Pricing Table				
Service	One Time size	Seasonal Contract	Direct Costs	Profit
Watering and Sprinkler System	Will Vary	Will Vary	Will Vary	Will Vary
Carpentry				
Deck & Patio Design and Construction	\$2,500	N/A	Materials 30% Labor 15%	55%
Fence Installation	\$2,000	N/A	Materials 30% Labor 15%	55%
Brick Works				
Interlocking Brick Project	\$3,000	N/A	Materials 30% Labor 15%	55%
Snow Removal				
Snow Plowing	\$10 - \$20	\$300 for Residential \$1,000 for Commercial	40%	60%

Henry John's sales strategy will be to up sell his market while providing essential landscaping services. It is estimated that the cost of sales for residential landscaping services will be 15% excluding fuel. For other larger brick work and carpentry projects the cost of sales will be more at 45% due to the cost of materials and additional labor.

4.2 DISTRIBUTION METHODS

HJ Landscaping will deliver all services on site. The cost of distributing services this way include travel and time to get to job sites.

For sod jobs, Henry John will need to rent a mini excavator. The cost of this is approximately \$100 per day. This is included in the direct costs of sod jobs.

4.3 PROMOTIONAL PLAN

HJ Landscaping will require a small budget to implement a community based start up and on-going promotional campaign for specific reasons which include:

- To educate the local market of the start up of HJ Landscaping.
- To promote an image of professionalism and quality.
- To generate consistent sales and sales leads.
- To advertise the company's contact info to allow potential consumers to contact Henry directly.

In order to meet the aforementioned objectives, Henry John will need to invest into the following advertising activities:

Invest into the purchase of a corporate identity package. This will include: invoices, company



service and price lists, envelopes, business cards and letterhead.

Purchase vehicle and equipment signage. This form of advertising is fairly cheap with high return. While the company is performing a job or driving down the road consumers are exposed to the company's advertising.

Purchase company apparel. Portraying a consistent and quality image of the company via apparel is a good way to build a brand for the company.

Invest into the design and delivery of direct marketing materials. This will include designing flyers and advertisements to be delivered directly to the company's existing and potential market within Anytown.

Purchase print advertisements and local listings. These advertisements are a good way to ensure consumers hear about what the company is offering and how to contact them if and when needed.

Henry John will also expect good word of mouth advertising once his company begins to obtain and complete contracts and jobs within the community.

It is estimated that the above activities will cost \$5,000 to implement in Year 1.



5.1 GENERAL OPERATING REQUIREMENTS

HJ Landscaping days and hours of operation will be 6 days a week from 7 a.m. to 6 p.m. These days and hours of operation are subject to change and dependent on market need.

Henry John will accept cheque and cash as payment. Only those clients who are able to demonstrate financial stability will be offered credit.

The company's headquarters will be located within Henry John's personal residence in Anytown.

5.2 HUMAN RESOURCES REQUIREMENTS

On an as needed basis, John will hire local laborers to assist him with completing jobs. However, until John's business is too much for him to handle for himself he will not hire anyone. All laborers will be paid \$10 per hour.

Henry John will continue to meet with the CHRD seeking operating subsidies to hire part time and full time staff.

5.3 INSURANCE REQUIREMENTS

Henry John will need to incur costs for commercial, asset and liability insurance upon start up. At the time this report was developed, John had received a verbal insurance quote of \$5,000 per year.

5.4 GOVERNMENT REQUIREMENTS

Because the business will be located within the territory of Anytown very little issues surrounding tax must be addressed. When a transaction is Native to non-Native the company must collect and remit tax in any other instance tax collection is not needed.

The personal income of Henry John will be exempt from taxation as it will be derived from services provided within a First Nation. However, Henry John should ensure that financial systems are set up properly in the case of an audit or tax inquiry.

5.5 WORKING CAPITAL REQUIREMENTS

As this is a service based business, there will be burden on the business financially upon start up. However, Henry John should be prepared to invest additional operating funds into the business early on in case expenses are underestimated or sales projections are not met.



5.6 CAPITALIZATION ACTIVITIES

As documented throughout this plan, Henry John has taken the necessary time needed to carefully choose and cost the necessary assets his business will need to provide professional residential and commercial landscaping services. In doing so, he's determined that he will invest into the following items:

- Invest into the purchase of a company vehicle to store and haul equipment, materials, and employees to and from job sites (\$35,000).
- Purchase a trailer to store and haul equipment and material to a from job sites (\$11,500).
- Invest into new tools and equipment to perform a wide range of lawn care services (\$8,000). Mowers, fertilizers, specialized attachments for aeration, sub-service treatments, surface treatments for insects etc.
- Invest into hand and power tools needed to perform brick and carpentry work on-site (\$18,000). Cutters, brick carriers, hammer drill, hand drill, saws, levels, work horse, sanders, vacuum, etc.
- Purchase necessary snow removal equipment (\$5,000). Plow, shovels, sanding equipment etc.
- Purchase time and money saving office equipment and furniture (\$5,000). This includes: a desk, chair, filing cabinets, small office equipment, computer and peripherals and the latest edition of word processing software.



6.1 COSTS AND FINANCING

In order to properly establish HJ Landscaping, owner Henry John is proposing a financing mix that consists of: cash equity, First Nation contributions, Federal contributions, and traditional debt financing. The table below illustrates this further.

Costs and Financing Table			
Proposed Costs		Proposed Financing	
Capital:		Capital:	
Vehicle and Trailer	\$46,500	Cash Equity (10%)	\$8,250
Lawn Care Equipment	\$8,000	ABC (32%)	\$26,400
Carpentry & Brick Work Equipment	\$18,000	Comm. Ec. Dev. Review Board (12%)	\$9,550
Snow Removal Equipment	\$5,000	Comm. Ec. Dev. Review Board (5%)	\$4,775
Office Equipment & Furniture	<u>\$5,000</u>	Youth Strategy Loan (18%)	\$15,000
		YET Economic Group (23%)	<u>\$18,525</u>
Total Capital	\$82,500	Total Capital	\$82,500
Marketing Costs		Marketing Financing	
Start Up & Ongoing Activities	\$5,000	Cash from Operations (60%)	\$3,000
		ABC (40%)	<u>\$2,000</u>
		Total Marketing Financing	\$5,000
Business Support:		Business Support Financing:	
Business Aftercare Costs	\$2,000	ABC (29%)	\$2,250
Mentoring and Support	\$3,000	Cash from Operations (71%)	<u>\$5,750</u>
Accounting Fees	<u>\$3,000</u>		
Total Business Support Costs	\$8,000	Total Business Support Financing	\$8,000
Total Project Cost	\$95,500	Total Project Financing	\$95,500

As identified in the table above:

- Henry John is prepared to invest \$8,250 towards the capitalization of this business start up.
- Henry John is requesting that ABC contribute 32% or \$26,000 towards capital, 60% or \$3,000 towards marketing and 75% or \$6,000 towards business support costs.
- Henry John is requesting that the Community Economic Development Review Board for \$9,550 towards capital costs in grant form and \$4,775 in loan towards capital costs.
- Henry John is requesting the maximum allowable amount of \$15,000 from the Youth Strategy Loan. This loan will be interest free for three years and will be repayable over 5 years.
- Henry John is requesting that the YET Economic Group lend him \$18,525 towards capital. This loan will be financed at 8% for 7 years.



- 60% or \$2,000 in marketing and 29% or \$2,000 in business support costs will be financed through cash from operations and cash equity.

6.2 NOTES TO FINANCIAL PROJECTIONS

The following pages contain:

- 12 month projected cash flow statement;
- 3 year projected income statement;
- 3 year projected balance sheet;
- 3 year projected sources and uses of funds statement;
- 3 year amortization schedule; and
- Summary of financial indicators and break even analysis.

(A) Revenues

HJ Landscaping will generate revenues by providing various residential and commercial landscaping services to the market within and around Anytown. It is anticipated that the company will generate \$100,000 in sales in year 1. A moderate increase in sales is expected to occur at 10% per year.

Of year 1 sales, it is anticipated that \$30,000 will be generated by completing minor landscaping construction projects such as brick works, fences, and decks. The remaining \$70,000 is to be made up of residential and commercial landscaping services like mowing and edging grass, laying sod, fertilizing, etc.

(B) Cost of Sales

It is estimated that the cost of sales for residential landscaping services will be 15% excluding fuel. For other larger brick work and carpentry projects the cost of sales will be more at 45% due to the cost of materials and additional labor.

(C) Gross Profit Margin

The company's projected gross profit margin is expected to be 69% in Year 1, 65% in Year 2 and 65% in Year 3.

(D) Cash Flow

Overall, the cash flow of the business as projected appears stable. However, if sales projections are not met early on, Henry John is prepared to invest more cash in the business to sustain essential operations early on.

Although it is likely that Henry John will be approved for operating subsidies during year 1 for salaries he is not relying on this funding which is why this has not been included in the cash flow projection. Henry John's decision to go into business is purely based on the merits of his business idea without additional assistance.



(E) Financial Performance

The following information provides a quick analysis of how the business is projected to perform from a financial standpoint.

Break Even Analysis

Break Even Analysis	Year 1	Year 2	Year 3
Total Variable Costs	\$38,200	\$49,500	\$58,350
Total Fixed Costs	\$38,113	\$32,656	\$32,038
Variable Cost Percentage	0.38	0.45	0.48
Contribution Margin	0.62	0.55	0.52
<i>Break Even Point in Sales</i>	<i>61,672</i>	<i>59,375</i>	<i>61,878</i>
<i>Break Even Sales Cushion</i>	<i>38,328</i>	<i>50,625</i>	<i>59,122</i>

As projected, the business is expected to exceed its break even point in sales in all three years.

Financial Ratios

Financial Ratios	Year 1	Year 2	Year 3
Current	2.41	3.42	4.78
Debt to Equity	0.66	0.55	0.41
Gross Margin	69.00%	65.00%	65.00%
Net Margin	32.19%	29.50%	29.42%
Sales to Assets	1.17	1.32	1.44
Return on Assets	37.68%	38.96%	42.44%
Return on Investment	62.64%	60.27%	59.89%



(A) Cash Flow Projection

HJ Landscaping

12 Month Cashflow Statement

	Start Up	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total
Cash In														
Opening Cash Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Landscaping Revenues		\$5,833	\$5,833	\$5,833	\$5,833	\$5,833	\$5,833	\$5,833	\$5,833	\$5,833	\$5,833	\$5,833	\$5,833	\$70,000
Brick Works, Carpentry & Fence Revenues		\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$30,000
Cash Equity	\$8,250													\$8,250
Aboriginal Business Canada	\$30,650	\$0	\$0	\$0	\$0		\$0							\$30,650
Commercial Financing (Combined)	\$38,300													\$38,300
Ec. Rev. Board Fund (Grant)	<u>\$9,550</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$9,550</u>
Total Cash In (1)	\$86,750	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$186,750
Cost of Goods Sold / Cost of Sales														
Labour, Materials & Landscaping Jobs	\$0	\$1,458	\$1,458	\$1,458	\$1,458	\$1,458	\$1,458	\$1,458	\$1,458	\$1,458	\$1,458	\$1,458	\$1,458	\$17,500
Labour, Materials & Fuel Brick Works etc.	\$0	<u>\$1,125</u>	<u>\$1,125</u>	<u>\$1,125</u>	<u>\$1,125</u>	<u>\$1,125</u>	<u>\$1,125</u>	<u>\$1,125</u>	<u>\$1,125</u>	<u>\$1,125</u>	<u>\$1,125</u>	<u>\$1,125</u>	<u>\$1,125</u>	<u>\$13,500</u>
Total Costs of Goods Sold (2)	\$0	\$2,583	\$2,583	\$2,583	\$2,583	\$2,583	\$2,583	\$2,583	\$2,583	\$2,583	\$2,583	\$2,583	\$2,583	\$31,000
(3) Gross Profit (1 - 2 = 3)	\$86,750	\$5,750	\$5,750	\$5,750	\$5,750	\$5,750	\$5,750	\$5,750	\$5,750	\$5,750	\$5,750	\$5,750	\$5,750	\$155,750
Cash Out														
Capitalization Activities	\$82,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$82,500
Marketing and Promotion Expenses	\$1,500	\$1,000	\$1,000	\$1,000	\$500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,000
Communications		\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$2,400
Repairs and Maintenance		\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$2,400
Insurance	\$1,000	\$333	\$333	\$333	\$333	\$333	\$333	\$333	\$333	\$333	\$333	\$333	\$333	\$5,000
Office Supplies		\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$1,200
Fuel Costs		\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$4,800
Bank Charges and Interest		\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$1,200
Loan Interest		\$255	\$253	\$251	\$248	\$246	\$244	\$241	\$239	\$237	\$234	\$232	\$229	\$2,910
Principal Repayment		\$342	\$344	\$346	\$349	\$351	\$353	\$356	\$358	\$360	\$363	\$365	\$368	\$4,253
Professional Fees	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,000	\$8,000
Owner's or Partner's Draw	<u>\$0</u>	<u>\$1,500</u>	<u>\$1,500</u>	<u>\$1,500</u>	<u>\$2,000</u>	<u>\$2,313</u>	<u>\$2,313</u>	<u>\$2,313</u>	<u>\$2,313</u>	<u>\$2,313</u>	<u>\$2,313</u>	<u>\$2,313</u>	<u>\$2,313</u>	<u>\$25,000</u>
Total Cash Out (4)	\$86,000	\$5,430	\$5,430	\$5,430	\$5,430	\$4,243	\$4,243	\$4,243	\$4,243	\$4,243	\$4,243	\$4,243	\$7,243	\$144,663
(5) Net Cashflow (3 - 4 = 5)	\$750	\$320	\$320	\$320	\$320	\$1,507	\$1,507	\$1,507	\$1,507	\$1,507	\$1,507	\$1,507	-\$1,493	<u>\$11,087</u>
(6) Cumulative Cashflow	<u>\$750</u>	<u>\$1,070</u>	<u>\$1,389</u>	<u>\$1,709</u>	<u>\$2,029</u>	<u>\$3,536</u>	<u>\$5,043</u>	<u>\$6,551</u>	<u>\$8,058</u>	<u>\$9,565</u>	<u>\$11,072</u>	<u>\$12,579</u>	<u>\$11,087</u>	



(B) Income Statements

HJ Landscaping

3 Year Projected Income Statements

	Year 1	Year 2	Year 3
Revenues			
Landscaping Services	\$70,000	\$77,000	\$84,700
Brick Works, Carpentry & Fence Revenues	<u>\$30,000</u>	<u>\$33,000</u>	<u>\$36,300</u>
Total Revenues	\$100,000	\$110,000	\$121,000
Cost of Goods Sold			
Labour, Materials & Landscaping Jobs	\$17,500	\$16,500	\$18,150
Labour, Materials & Fuel Brick Works etc.	<u>\$13,500</u>	<u>\$22,000</u>	<u>\$24,200</u>
Total Costs of Goods Sold	<u>\$31,000</u>	<u>\$38,500</u>	<u>\$42,350</u>
Gross Margin	\$69,000	\$71,500	\$78,650
Selling & Admin. Expenses			
Marketing and Promotion Expenses	\$5,000	\$3,000	\$2,000
Communications	\$2,400	\$3,200	\$3,200
Repairs and Maintenance	\$2,400	\$5,000	\$8,000
Insurance	\$5,000	\$5,000	\$5,000
Office Supplies	\$1,200	\$1,400	\$1,600
Fuel Costs	\$4,800	\$6,000	\$8,000
Bank Charges and Interest	\$1,200	\$1,200	\$1,200
Loan Interest	\$2,910	\$2,100	\$1,900
Professional Fees	\$8,000	\$4,000	\$4,000
Depreciation	<u>\$8,150</u>	<u>\$8,150</u>	<u>\$8,150</u>
Total Selling & Admin. Expenses	\$41,060	\$39,050	\$43,050
Net Profit (Loss) from Operations	\$27,940	\$32,450	\$35,600
Add: Contributions for Operations	\$4,250	\$0	\$0
Net Profit (Loss) from Operations	<u>\$32,190</u>	<u>\$32,450</u>	<u>\$35,600</u>



(C) Balance Sheet Statements

HJ Landscaping

3 Year Projected Balance Sheets

	Opening	Year 1 Ending	Year 2 Ending	Year 3 Ending
Assets				
Current Assets				
Cash	\$0	\$11,087	\$22,080	\$35,842
Inventory	\$0	\$0	\$0	\$0
Other	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Current Assets	\$0	\$11,087	\$22,080	\$35,842
Fixed Assets				
Vehicle and Trailer	\$46,500	\$46,500	\$46,500	\$46,500
Lawn Care Equipment	\$8,000	\$8,000	\$8,000	\$8,000
Office Equipment and Furniture	\$5,000	\$5,000	\$5,000	\$5,000
Carpentry & Brick Work Equipment	\$18,000	\$18,000	\$18,000	\$18,000
Snow Removal Equipment	\$5,000	\$5,000	\$5,000	\$5,000
Less: Accumulated Depreciation	\$0	\$8,150	\$16,300	\$24,450
Plus: Land				
Total Fixed Assets	\$82,500	\$74,350	\$66,200	\$58,050
Total Assets	<u>\$82,500</u>	<u>\$85,437</u>	<u>\$88,280</u>	<u>\$93,892</u>
Liabilities				
Current Liabilities				
Accounts Payable	\$0	\$0	\$0	\$0
Current Portion of Loan	\$4,253	\$4,606	\$4,988	\$5,402
Long-Term Liabilities				
Long-Term Portion of Debt	<u>\$34,047</u>	<u>\$29,441</u>	<u>\$24,452</u>	<u>\$19,050</u>
Total Liabilities	\$38,300	\$34,047	\$29,441	\$24,452
Owner's / Partner's Equity				
Community Ec. Dev. Review Board	\$9,550			
Aboriginal Business Canada	\$26,400			
Contributed Equity	\$0			
Cash Equity	\$8,250			
Beginning Equity	\$0	\$44,200	\$51,390	\$58,840
Net Income	\$0	\$32,190	\$32,450	\$35,600
Less: Owner's or Partner's Draws	<u>\$0</u>	<u>\$25,000</u>	<u>\$25,000</u>	<u>\$25,000</u>
Total Owner's or Partner's Equity	\$44,200	\$51,390	\$58,840	\$69,440
Total Equity and Liabilities	<u>\$82,500</u>	<u>\$85,437</u>	<u>\$88,280</u>	<u>\$93,892</u>



(D) Sources and Uses of Funds

HJ Landscaping

Projected Sources and Uses of Funds

	Year 1 Ending	Year 2 Ending	Year 3 Ending
Net Profit	\$32,190	\$32,450	\$35,600
Add: Depreciation	\$8,150	\$8,150	\$8,150
Less: Owner's / Partner's Draws	<u>\$25,000</u>	<u>\$25,000</u>	<u>\$25,000</u>
Cash from Operations	\$15,340	\$15,600	\$18,750
Financing Activities			
Community Ec. Dev. Review Board	\$9,550		
Aboriginal Business Canada	\$26,400		
Cash Equity Injection	\$8,250		
Term Debt	\$38,300		
Less: Repayment of Debt	<u>\$4,253</u>	<u>\$4,606</u>	<u>\$4,988</u>
Total Financing	\$78,247	-\$4,606	-\$4,988
Capitalization Activities			
Capitalization Activities	<u>\$82,500</u>	<u>\$0</u>	<u>\$0</u>
Total Capitalization Activities	\$82,500	\$0	\$0
Net Cash from Operations	\$11,087	\$10,994	\$13,762
Beginning Cash	<u>\$0</u>	<u>\$11,087</u>	<u>\$22,080</u>
Ending Cash	<u>\$11,087</u>	<u>\$22,080</u>	<u>\$35,842</u>



(E) Depreciation Schedule

Depreciation Schedule

		Year 1	Year 2	Year 3
Vehicle and Trailer	\$46,500			
Useful Life	<u>10</u>	\$4,650	\$4,650	\$4,650
Lawn Care Equipment	\$8,000			
Useful Life	<u>10</u>	\$800	\$800	\$800
Carpentry & Brick Work Equipment	\$18,000			
Useful Life	<u>15</u>	\$1,200	\$1,200	\$1,200
Snow Removal Equipment	\$5,000			
Useful Life	<u>10</u>	\$500	\$500	\$500
Office Equipment & Furniture	\$5,000			
Useful Life	<u>5</u>	<u>\$1,000</u>	<u>\$1,000</u>	<u>\$1,000</u>
Total Depreciation		<u>\$ 8,150</u>	<u>\$ 8,150</u>	<u>\$ 8,150</u>





This sample landscaping business plan will help you visualize what a professional business plan looks like including all the necessary components. A very important consideration is to understand that all the information in the financial section is mirrored in each of the main components of the sample landscaping business plan. The financial assumptions in the main body of the sample business plan form the basis for the financial projections.

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