

Business Plan FAQ

Why do I need a business plan?

OMVIC requires every new motor vehicle business to provide a detailed business plan with their application. This business plan will help confirm that applicants seeking to register as motor vehicle dealers have reasonable knowledge, financial stability, and responsibility in the conduct of their business, as required by the Motor Vehicle Dealers Act. (MVDA)

Your business plan and all the supporting documents will be used to confirm that you have sufficient funding to open and operate your dealership and that you will meet all its financial responsibilities under the Act.

What should I include in my business plan?

Description of your business: Write a brief description of your dealership, including your dealership name, ownership structure and the involvement of each owner, officer, and director.

Product and services: In this section, describe vehicles, products, and services and how they will work. (Example: vehicle model, pricing, supply chain, vehicle trading strategy, retail, wholesale, export, lease, repairs, after-market products etc.)

Market plan and sales: Here, you can provide:

- your industry knowledge
- how you plan to persuade customers to buy your vehicles/services
- how you will develop customer loyalty that will lead to repeat business
- how you'll promote your business to customers
- enter the market
- an explanation of pricing
- promotions, distribution
- description of how the dealership will function
- number of salespeople
- operating hours and facilities

Financial plan: You can explain how your business will generate enough income to repay any loan and all operational and other expenses. You will also be required to provide your dealership's projected Income Statement for the first year.

Accuracy and a realistic business plan are essential when reviewing your dealership application, so carefully analyze your business forecast before writing your business plan.

Do I have to hire an accountant, bookkeeper, or other professionals to write my business plan?

No, you don't have to but if you do, it must be written using your ideas and perspective on what the business needs to do now, in the future and it should include your roadmap for success.

How long this business plan has to be?

The number of pages is based on your business plan, and you should ensure that you have included all necessary details with your projected Income Statement. (*Sample Business Plan is included to assist you*)

What if my business model is online?

Make sure you describe your business model with the following details:

- Business location and the online setup
- A typical transaction from beginning to end.
- How do you handle funds in an online motor vehicle transaction?
- To what location suppliers will be delivering vehicles?
- To what location customers will be going to test drive, inspect and take delivery of vehicles?
- How and to what location will customers sign/complete paperwork?
- What recourse will the customer have if there is a problem? e.g., regarding vehicle condition, non-disclosure of accidents etc.
- Do you have a return/refund/cooling off policy for customers who purchase vehicles online without a test drive?
- Please provide sample supplier and customer agreements.

For further details about online trade, please see the link below.

<https://www.omvic.on.ca/portal/NewsPublications/DealerBulletins/2022/tabid/598/aid/587/Default.aspx>

