



Bank Trust Wealth Management

# Starting your Business Guide





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If you're going to start a business, you'll need a business plan to guide you through the process.

This guide outlines key points to consider and provides guidance on the types of information you will need to write your business plan.

There are eight things every entrepreneur should do before launching a business:

1. Start with yourself
2. Do your research
3. Register your business
4. Pick the people and place
5. Prepare a marketing plan
6. Crunch the numbers
7. Develop a schedule
8. Write your business plan

This guide together with our [How to Write a Business Plan](#) guide will help you tackle these eight things and start putting your plan down on paper.

## 1. Start with yourself

Many people dream of running their own business and believe that they have the tools to be an entrepreneur. It requires a great deal of energy and commitment, along with a tolerance for risk. If you've never run your own business, you need to start your planning process with an honest personal assessment. Are you the right person to start and run this business?

### **Ask yourself:**

- Do you have the time, the skills and the passion?
- Are you comfortable with risk?
- Do you cope well with stress?
- Are you a confident, "take charge" person?
- Are you able to learn from failures, pick yourself up and keep going?
- Do you always give 100%?
- Do you enjoy challenges and new initiatives?
- Do you love being your own boss?
- If you have a family, do they support this venture?



Running a business requires a very wide range of skills. You will be strong in some areas and may need help in others. You won't have time to do everything you're capable of, so you need to decide where to focus your energy.

Don't forget to also outline your financial assets and liabilities. This information is critical in evaluating your financial ability to own and operate a business.

## 2. Do your research

### Research your business concept

Before you begin the process of writing your business plan, you need to know that your business concept is solid and has a strong potential market.

#### Ask yourself:

- Does your idea “have legs”?
- Is somebody else already doing it?
- Can you do it better? Why?

While you are researching your idea, make notes on the key points and where you found your information. These notes will help when you go to write your business plan.

Direct competitors in your area are not likely to help you with your research and you may not want to let them know about your plans. Similar businesses in other cities might be willing to help with your research.

Look for information on the size and trends in your industry. Identify key points such as why it's growing, how it's changing and forecast the demand for your product or services. Also, look at who your direct and indirect competitors are and what market share they have. Search the internet for professional associations connected to your industry, as well as research reports and articles. The Industry Canada website provides industry information on a national basis, as well as related trade statistics. Additional information can be found through public and post-secondary libraries.



#### TIP

Identify all the business resources you can find in your area that offer information and networking opportunities. This may include business incubators, business advisory services, economic development offices, Chambers of Commerce, professional or industry associations, and mentoring groups. Professionals with a general background like bankers, lawyers or accountants can also be valuable contacts. Informal networking can be helpful in learning about the business environment in your community.



## Identify your target market

Who do you expect will buy your service or product? This is your target market.

While researching information on industry trends look into customer demographics. Be sure you have the right mix of customers in your business area. Statistics Canada, municipal governments and economic development agencies are good sources of demographic information. Some cities even have information broken down by neighbourhoods.

Is there a strong demand for your product or service? If you require a few high volume customers, such as major clients for a consulting business or buyers for wholesale goods, identify potential customers and, if possible, determine that they are interested in your product. Consider the risk associated with relying on a single or a few clients and suppliers. You may want to develop a risk mitigation strategy. For example, you could have some form of agreement for future services if you are focusing on a small and clearly identified customer group. You may also want to develop a secondary client or supplier list so you have options if you lose a primary customer or suppliers.

Target market research is industry specific. If you are in the resource-based industry your market is probably other businesses. Trade association research and even networking can be cost-effective ways to research your target market. If you are providing a product or service to the public you might want to go and talk to potential clients or use social media to conduct target market research. Focus-groups and surveys may be a good source of information but can be expensive and time consuming. Understand both the costs and the benefits of these methods before proceeding.

## Know your competitors

Identify all of your competitors, and then focus on those who compete most directly with your product or are physically nearest to your market. Analyze their business. What are their strengths and weaknesses? What are their products and services like? Check their websites to see what kinds of comments are made about their products or services.

Competitor information can be found in local directories, competitor publications (website, brochures, etc.), business and trade publications, the Canadian Business Database, social networking sites and news media.



## Understand the regulatory environment

Every business has some legal requirements ranging from procuring a municipal business licence to following provincial employment standards. Learn about how you can meet all the requirements that will apply to your business. It could take substantial time to acquire licences, permits or qualifications, so factor these time frames into your implementation plan.

## 3. Register your business

### Determine your business structure

Are you going to register as a Sole Proprietorship, a Partnership, a Limited Partnership, or an Incorporated Company?

- **Sole Proprietors** are fully responsible for all debts and obligations related to their business and keep all profits. This is the fastest and easiest way to incorporate but your liability is unlimited, and your company's income is taxed at your personal tax rate.
- **Partnerships** are similar to sole proprietorships, except that they are owned by partners, who usually have drawn up a legal partnership agreement. Again, this is quite fast and easy to set up, but one down side is that you will be financially responsible for your partner's decisions as well as your own.
- **Limited Partnerships** are usually available to groups of professionals (such as lawyers). Limited partners do not participate in managing the company and are only liable for the amount of money they invest. Limited partnership rules vary from province to province.
- **Corporations** can be registered federally or provincially. They are more expensive and complex to incorporate and have more reporting requirements. Among the advantages are that owners are not personally liable for businesses debts, the corporation can be sold, and it is easier to raise capital.

Determine the legal, financial, tax and operational implications of the business structure options in your province. There are both provincial and federal requirements. The structure you decide on will depend on your business type, its' size and the investors who may be involved.

A good resource is the small business website provided by your provincial government. It will provide you with information on the types of business structures. Before you decide how to structure your business ask for guidance from your lawyer, accountant or financial advisor.



#### TIP

The New West Partnership Trade Agreement is a partnership between Saskatchewan, Alberta and British Columbia that makes it easier for business corporations, limited partnerships, limited liability partnerships and co-operatives to do business across the three provinces. If you are incorporating in one of those three provinces, you can also register extra-provincially in the other two provinces at the same time.



### Choose a business name

Choosing your business name can be a big decision. The name must be unique and approved by the jurisdiction where you are registering your business. In some provinces you are required to include terms such as Ltd. (limited) or Inc. (incorporated) with your name. You will need to know your structure before registering. Start with several name options, in case your first choice is turned down.

### Obtain registrations, permits and licences

You need to determine what other registrations and permits are required for your business. You will need to obtain a federal business number for GST and taxes, register with your provincial workers compensation board and purchase municipal business licences.

An accountant familiar with your industry can help you determine the licenses, registrations and permits needed.

You will need to set up a bank account, a payroll process and perhaps a merchant card processing service. Canadian Western Bank has a complete business banking product offering, including:

- business bank accounts to fit your unique needs;
- Customer Automated Funds Transfer (CAFT), our Electronic Funds Transfer (EFT) service to help you manage your payroll, and;
- credit and debit card processing services through Moneris® Solutions.

### Insure yourself

Determine the type of insurance coverage needed for your business. There are variations on insurance requirements between industries. Ensure that you are getting quotes for the right type of insurance. Most businesses carry general business liability insurance to cover their assets and many industries also have additional specialized insurance needs. For example, manufacturing companies carry product liability insurance. Companies that provide personal services, such as spas, need professional liability insurance for each individual staff member as well as the business as a whole.



### TIP

You will need an approved business name and supporting legal documentation before you can open a business bank account.



## 4. Pick the people and place

### Assemble your team

Who are the key people you need to operate your business? Consider the following key people:

- **Partners:** You may have working partners contributing cash or in-kind equity to the venture. You might also have partner companies who will work with your business.
- **Suppliers:** If you will need strong relationships with key suppliers, identify them and make sure they have the capacity to meet your requirements.
- **Clients:** If your business will rely on a small number of major clients, you need to determine whether they are interested in your product and willing to purchase it from your company.
- **Mentors:** Mentors can be invaluable sources of wisdom and encouragement. You may already have colleagues who can advise you. If not, a number of industry associations have mentoring programs. There are also special mentoring programs available for groups such as young entrepreneurs, women and new immigrants. Consider setting up a formal or informal advisory board to meet periodically and review challenges or opportunities facing your business.
- **Staff:** If you require key staff with specialized skills, identify these potential employees before you launch. If you need to train staff, consider how you will deliver training, how long it will take and the costs. Determine if there are labour shortages in your business area. If there are shortages, develop strategies for how you will find employees.
- **Professional advisors:** You will probably need professional advisors at some point. When selecting an accountant, lawyer, financial advisor, architect or engineer it's worth taking the time to find competent people you can trust.
- **Consultants** – In some cases it can be better and more cost effective to hire an expert rather than try to do everything yourself. Specialized services might include marketing, branding, web development, human resources and computer systems. More on making the decision to hire outside help or do the work yourself is available in our [Build versus Buy](#) guide.



## Identify your location and facility needs

Location and facility choice are key elements in your planning processes. Your facility needs may range from a suite of offices to a warehouse or a manufacturing plant. Identify the right location based on the factors that matter for your business, such as customer access, proximity to suppliers or competitors and cost.

Before you begin writing your business plan, price out potential locations and your leasing or construction costs. If you are leasing space include lease fit-up costs in your calculations.

Also include costs for equipment, furniture and fixture requirements, and your operating and overhead costs. If your landlord provides tenant improvement incentives for longer term leases, include those in your pricing as well.

## 5. Prepare a marketing plan

No matter what business you're in, marketing is essential to your success. Your marketing strategy will depend on your business, skills and industry. If you don't have marketing expertise on your team consider bringing in consultants.

When developing your marketing plan, ask yourself the Four P's:

<b>Product</b>	What's your unique product or service?
<b>Place</b>	Where will you find your customers?
<b>Price</b>	What's the perceived value of your product or service?
<b>Promotion</b>	How will your customers find out about you?

Your marketing plan should complement and support your sales plans and strategies. An effective marketing plan will not replace sales, but can make the sale easier and in some cases more profitable by adding recognition and value to your brand.



## 6. Crunch the numbers

The heart of your plan is the financial analysis. Deciding on a strategy for forecasting your sales, revenues and costs can be daunting.

This overview will help you identify and gather the information you need for your analysis.

The information you've gathered so far will go into:

- Estimating your market size
- Determining how much you can earn in gross revenues
- Calculating your direct and overhead costs
- Calculating your break-even point

Don't under-estimate your costs or forget that it will take time for your revenues to grow.

One of your most useful tools in developing your financial documents will be your month-by-month cash flow projections for the first three years. These projections show how cash will flow into the businesses (sources of revenue) and out of the business (costs of running the business) on a monthly basis. A financial advisor can suggest strategies for managing cash flow and deferring costs.

### Identify financing opportunities

It is essential to have enough funding to cover your operating costs while building up your revenues. Investigate all your financing options including your own equity investment, business partners, term loans, lines of credit and equity investors. Loans and lines of credit can be more difficult for a new company to obtain. If you're a new business consider what other options you can explore to help get your business off the ground.

In general, there are few grant opportunities for new businesses unless they involve scientific research or technological innovations. One source of information is the Canada Business Network, a federal resource centre with online resources and services centres in each province. Industry associations can also be very helpful.

Rural and remote regions or areas with challenges such as high commercial vacancy rates may have incentive programs to bring business into specific communities. Local economic development offices will have information on these opportunities.



## 7. Develop a schedule

An implementation plan is a critical part of your business plan and you need to gather information to develop it.

For example:

- Consider how the timelines for business name registration and various permits will affect your ability to apply for funding.
- Lease fit-up and construction times are estimates. External factors such as inspections or supply problems can impact a contractor's ability to complete a job on time.
- Facility completion timelines need to be considered for ordering equipment and supplies, hiring staff, and developing and launching your marketing materials and website.
- If there's a seasonal component to your business, you need to be sure you can be ready in time to meet peak demand.

Make a note of your key events and timelines and use that information to develop the implementation section of your business plan.

## 8. Write your business plan

Now that you have gathered all the key pieces of information, you can begin writing your business plan. Our [How to Write a Business Plan](#) guide will help walk you through the process of documenting your plan.

A complete business plan will include the following sections.

- **Executive summary:** If someone was to read only one page of your business plan, this would be it. Introduce yourself and your business idea, and convince the reader that you and your business are a good investment.
- **Business overview:** Discuss why you are starting this business. What's the demand? Why is this a good idea and why now? Include key features of your products and/or services, and your location and facilities.
- **Strategic objectives:** Where are you going, how will you get there, and how will you measure your progress? Measureable goals are the key to this section.



- **Key team member introduction:** Investors and lenders are not only funding your business, they're investing in you and your team. Highlight your strengths and experience, as well as those of your key team members to show why you'll be successful. Investors and lenders will want a sense of confidence that you have the right people and partners in place to succeed.
- **Business operations:** Tell your reader about your industry, your target customers, and your key competitors. Then show how you will operate: your business processes, marketing strategies, management and staffing.
- **Financial statements:** This is the heart of your plan. This is where you prove that your business concept is viable and your company will be profitable.
- **Additional information:** Supporting information can be added in an appendix at the back of your plan. It might include references to research, detailed demographic data, maps, résumés of the management team, equipment quotes, engineering drawings, floor plans or industry forecasts.

When you start a business, things tend to move quickly and it's common for entrepreneurs to feel like their business plan is out of date right after it is written. Your business plan will be a living document that adjusts as your growth strategies and tactics change.