

LEARNING
to be
THE BOSS

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Acknowledgements for "Learning to be the Boss"

By Ida Stanley-Tober, (author)

The inspiration to write this book came from working with the clients of the Calgary John Howard Society. Officially they were classified as single employable men, but because they had criminal records, they were having problems finding jobs. They were highly skilled, however many could not read well.

The Calgary John Howard society then purchased an old warehouse for an office building. The building was totally renovated using the skills and labour of inmates on temporary leave from the local correctional centres. They did the electrical, plumbing, drywalling, carpeting and painting. As far as I know, once they were released, they were never re-incarcerated. They had renewed faith and confidence in themselves.

This book could never have been written without the constant mentoring of Pauline Kay, a retired teacher, winner of the 1999 Canada Post Literacy Education Award and the 1997 Alberta Literacy Award of Merit from the Alberta Association for Adult Literacy (AAAL). She is a selfless literacy volunteer and community development worker. She is the co-chair of the Self-Employment Development Coalition (SEDCo) and active member of Healthy Cities of Calgary. She has been promoting self-employment for the disadvantaged for nearly 20 years.

Thanks to Joyce O'Byrne, retired Calgary Catholic School District Continuing Education Administrator and winner of the AAAL Alberta Literacy Award of Merit. She helped Pauline and me focus on the path to obtain funding for Canada's first and only literacy project dedicated to helping people become self-employed.

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CHAPTER 1. SHOULD I BE A BOSS?

Being your own boss

So you want to be your own boss?! You are brave! You are a leader! You are one of a growing number of people! You have your hopes, dreams, and energy!

There are a few titles for people who want to be their own boss and run their own business. Some call themselves self-employed business persons, entrepreneurs, small business owners, micro-business owners (micro - means very small), home-based business people, or homepreneurs.



If you study the lives of very rich people, nearly all of them started as small business people. All of them had business failures. But for them, a "bad day of self-employment was better than a good day as an employee."

The challenge often is not to get rich. Often, it is to pay the bills and have a better life. The pay-off is not only in money. It is in a feeling of freedom and personal value.

Independence and freedom are the reasons 36% of those who are self-employed gave for being their own boss. More money and financial benefits were important to 23%. Over 20% of the people who have their own business said personal creativeness was the most important reason.

Some people think that there are more good reasons to be your own boss than reasons to not be your own boss. You must look at your own reasons carefully. There are reasons that speak to your heart, and there are reasons that speak to your wallet.

Should I Be a Boss?

During the last recession or downturn, many people were forced to become self-employed because they could not find jobs. Nearly all of those who became self-employed have chosen to stay self-employed, rather than go back to the world of working for others.

Where to get help

A recent study of the successes of small businesses in Canada states that only 50% of new businesses succeed in the first three years without help.



The success rate increased to nearly 90% when the business owners had people to give them on-going business advice, courses, information and training. We call it business support.

It is small business, not large corporations or governments, that are creating most of the new jobs in Canada. Small business owners seem to be able to find and follow trends better than big businesses. Self-employed people are more flexible and are willing to make changes to meet the needs of a changing world.

Community resources and governments have been working to help people to be all they can be - to reach their potential - by creating help and study guides.

Should I Be a Boss?

For help and support contact:

Agriculture, Food and Rural Development (provincial)

Banks - most banks have booklets and CD-ROMS to help you



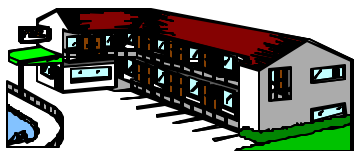
Bookstores, chain stores, college and university bookstores all have help. Just ask a librarian to help you find the books, magazines, government papers, phone and industry directories and newspaper clippings.

Canada Business Service Centres, federal, provincial and municipal (city) government business counselors help you find out what you need to know.

Canada Human Resources Centres (CHRCs) offer self-employment Assistance (SEA) programs to help Employment Assistance people start their own business. CHRCs work closely with Business Development Centres and Community Futures business counseling offices.

Chambers of Commerce are local business people helping other local business people. They have information, and people who have been there, to help you.

Community Centres - Many city community centres have been trying to help people get jobs and start their own businesses. Many have computers that are open to the public to use.



Community Colleges

Community Futures offices

Community Social Agencies

Should I Be a Boss?

Economic Development (local government)

Economic Development and Tourism (provincial government)

Human Resources Development (Federal government)

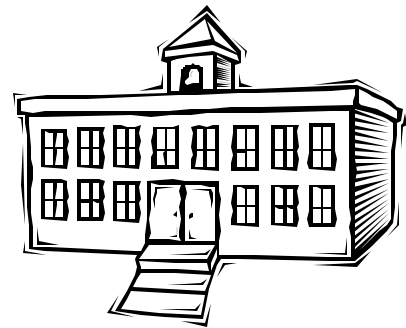
Libraries

Mennonite Central Committee Start Up Program

Universities

Western Economic Diversification

Women's Initiative Centre

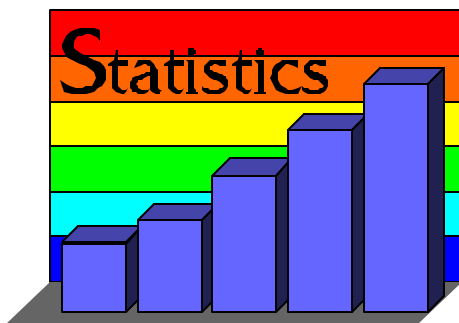


Should I Be a Boss?

The Good Points of Being Your Own Boss

You might already know the good points of being your own boss.

1. You are boss. (Number 1 reason given by entrepreneurs.) You give the orders and you have the control. You decide - when, where, why, how and what to do.
2. You can get away from the politics of jobs. You can treat yourself special. You can wear what you like, work when you like, work at what you like. It does not matter what your age, height, weight, gender, religion or who your friends are.
3. No more fear of bosses. You cannot be laid off, fired, phased-out or demoted to a lower position.
4. You can give yourself a raise or bonus. You choose to work harder or smarter and give yourself a reward - money.
5. You will be making money for you. When you work hard and make lots of money, it will be for you - not your boss.



6. You can save money every day. If your business is at home or close to home, you can save money by not buying new clothes for work, by eating at home, by not driving to work, and on day-care by having the kids at home.
7. You can save money on taxes. You can deduct, "write -off" or apply part of the costs of your business on your taxes.
8. You can be creative. You decide what direction the business will go. You can do the work you like, using your time and skills.

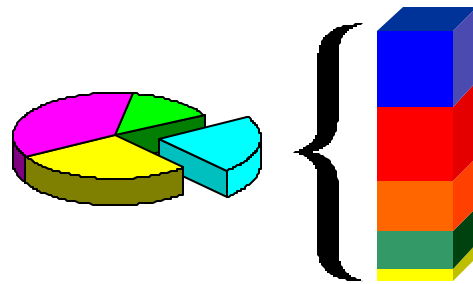
Should I Be a Boss?

9. You can decide when to work. You can work all night, or three days straight. You can take a nap or holiday if you like.
10. You can create your work world. You can work outside or inside. You choose the room, decorations, furniture and staff.
11. You can have time with loved-ones. You can spend more time with your partner, your children, your aging parents or friends.
12. You can handle the stress of the work world your way. You can go for a walk, play golf, go to a movie, go to church or meditate.

Should I Be a Boss?

The bad points of being your own boss

1. You might be boss, but there are still people who want your money- your suppliers, your banker, your investors, your landlord, your staff and your family.
2. You still have to pay bills, even if you do not have money coming into your business. Your income will not be the same every month.
3. You will have to arrange for your own unemployment insurance, life insurance, pension, health and dental plans.
4. You might have to work harder and longer than at another job until your business is going well.
5. You will not have as much time for family and friends in the beginning. This can be very stressful.
6. There will be daily pressures. People will be watching. Your old boss, friends, relatives, and bankers may be waiting for you to fail.
7. You will need to learn new skills. You will need to do everything in the beginning if you do not have money to hire people.
8. You will need to be boss. If something goes wrong you must be able to understand what was not right, and change it. You will have to make the decisions.
9. You will need to borrow money. Banks and creditors want you to put money into your business.
10. You will have to manage your time. No one will be telling you when to go to work. You will have to get yourself going each day.



Should I Be a Boss?

11. You might get lonely and miss the social part of working with others for someone else.
12. You might have trouble separating work time and personal time. If you do not have trouble leaving the work world behind, your customers might think that since you work at home you do not have business hours and they do not need to make an appointment.

Should I Be a Boss?

Are you the boss type?



You have thought about the good and bad points of being your own boss. Now is the time to look at yourself to see if you are the type to become self-employed.

To be successful you will need to be hard working, have stick-to-it-ive-ness and be able to get help when you need it. How do you answer these questions?

Did you have a business as a child? Did you make money selling drinks, delivering papers, shoveling walks, mowing lawns, baby-sitting?

Are you competitive? Do you like to win? Do you like to be No. 1.?

Are you a self-starter? Do you have get up and go?
Are you organized? Can you manage your time?

Do you like planning? Do you set and meet goals?
Are you personally responsible? Can you take blame?

Do you enjoy making decisions? Do you follow up on those decisions?
Can you work with others - customers, suppliers? Are you cooperative?

Should I Be a Boss?

Do you communicate easily with others?

Do you have good health to work long hours?

Can you handle stress? Do you enjoy risk taking?

Could you cope with an income that will vary from week to week?

Are you a bit of a gambler? Are you a self-starter and a self-re-starter?

If things do not go as planned, can you pick yourself up and try again?

Are you an independent thinker?

Will you try something when everyone says it cannot be done? Do you keep at it?

Do you enjoy working by yourself?

Should I Be a Boss?

Are you an entrepreneur?

Small business owners are dreamers and doers. You need to be able to see a problem, be responsible for it and fix that problem. You must have faith in you and your dream.

If you can say yes to these statements, you are an entrepreneur - you can be self-employed.

1. I can get up and work without a boss. I am a self-starter. I am motivated.
2. I can set goals for myself. I am a good planner.
3. I can work hard and meet goals or deadlines.
4. I can play hard and work hard. I do not put off what should be done today.
5. I can take a chance on myself. I think good things about myself.
6. I can work alone. I am independent.
7. I can talk to and understand other people. I am a good communicator.
8. I can learn new things. I can be flexible. I am creative.
9. I can manage my time well. I am organized.
10. I can ask for help if I need it. I can take advice.



Should I Be a Boss?

Here's looking at you....

If you wish to become self-employed, you need to look at yourself, at your skills and at what you have done in the past. Do you like what you see?

The most important part of being an entrepreneur is not a skill, or something you can learn. It is the need to be free, to be your own boss. You need to have a dream.

You must need to make that dream come true, no matter what your boss, your partner, your friend or competition says. You need to be able to work harder for yourself and your dream than you would for someone else. Even very rich millionaires and billionaires started out as just a person with a dream. They worked until they could have dropped, but the dream kept them alive. Some had many failures, but they never stopped trying. Do you have what it takes?

1. Do you have a dream of your own business?
2. Do you get excited about it?
3. Do you have a plan to make your dream come true?
4. Do you have some details?
5. Can you organize yourself and set up an office or a work space?
6. Can you set and plan your own deadlines?
7. Are you able to stay with a plan, work a plan and meet deadlines?
8. Can you change those plans or start over if you need to?
9. Can you do many different jobs to make sure everything gets done?

ALLRIGHT!

Should I Be a Boss?

10. Can you work long hours, and stay healthy and happy?
11. Are you able to enjoy facing problems and making decisions?
12. Are up able to learn from your mistakes without giving up?



Should I Be a Boss?

Skills of a boss

You might want to be your own boss because you do not want to deal with bosses. You will need to deal with customers, co-workers, bankers, competition, licensing agents. Ask yourself if you have these skills of a good boss.

1. I get along with people of all ages, colors, incomes and religions.
2. I can manage people, delegate work and let people do what they do best.



3. I believe in my ideas, but I like and respect other people's ideas.
4. I do not force my ideas on others or argue with them.
5. I can give advice, but I can ask for and take advice.
6. I help people reach their best, being creative, and communicating well.
7. I am a good listener.
8. I am a good judge of people for hiring and supervising them.
9. I can admit a mistake and fire people.

Should I Be a Boss?

If I was my own boss: what are my good points?

If I was my own boss: what skills do I need to have or learn?

GO FOR IT!

Should I Be a Boss?

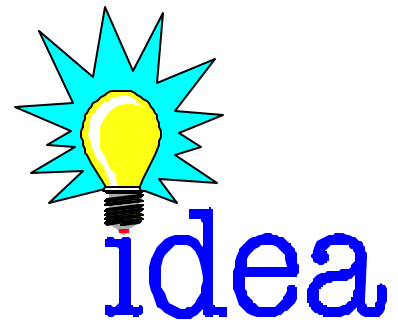
Your dream

Your dream is very important. It is what keeps you going when you are hungry and tired. It is yours. Do not let anyone take it away.

It will take planning and thinking for you to start that journey of making your dream come true. The first steps were to look at yourself: do you have the right stuff?

Now we need to look at the dream and move it from a daydream to a plan so that it won't end up being a nightmare.

1. How much do you know about the business you want to start?
2. Can you use what you have learned from other jobs or from your hobbies?
3. Do you have skills you can use in a business or teach as a service?
4. Do you know someone who will help you with your business when you need it? Can that person be your "coach" or mentor?
5. Does someone you know have their own business? Have you learned from them about being your own boss?
6. Can you set realistic goals to start and run your business and work to the goals?
7. Would you work for someone else to learn the skills you need for your business?



Should I Be a Boss?

8. Do you believe in yourself and feel you can succeed?
9. Do you have the courage to start your own business?
10. Are you and your family willing and able to take a drop in income to make your dream come true?
11. Are you a positive person? Do you believe in your future?
12. Does your business dream fit in with your dream for yourself and your family?

Setting goals for your dream



Having a dream is the spark needed to start your business. But you need more than sparks to move a car, and you need more than sparks to move your dream into reality. Goals are the steps up the ladder to your dream, to your success.

You need to set goals (to have a map) to help make your dream come true. Goals need to be thought about, written down, and then changed if and when necessary.

Your goal is your destination on your trip to self-employment. You need to think about what you want or need from having your own business.

Are you after some extra money? Are you only going to work part-time on your business?

You need to have an over-all goal, with short term and long term goals. Think about the time you should give to your goal, considering your experience and lifestyle.

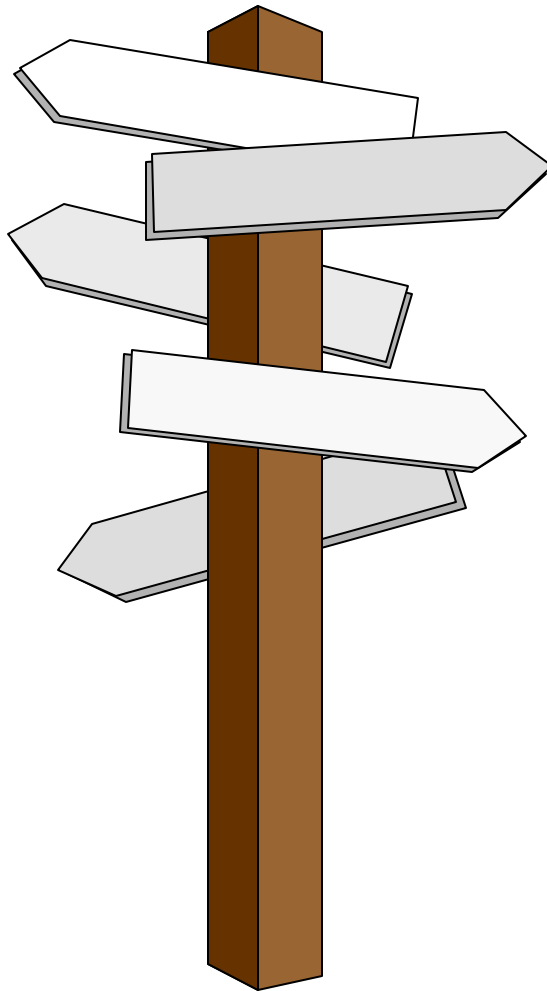
Write down your short term goals for each day at the beginning of the day. They will be the steps to reaching your weekly goal. You should also have goals for each month of the first year, then goals for the second year, third year and fifth year.

At the end of each day, week and month decide if you reached your goal. If you didn't, think about why not. You can change your approach to reach that goal, and use your new approach in working on new goals.

It is a good idea to check to see if you are on the right path, because if you go too long on the wrong path, at the end of the month you will not be near your goal.

Should I Be a Boss?

If you are not used to setting goals you might set yourself up for failure by setting a goal that is too hard.



Committing to your dream

To make a commitment is to make a promise. To start your own business and then to keep that business going, you will need to commit yourself to your goal, to your dream.

You will need to promise to spend the time, spend the energy, and work hard to make your dream come true.

Just talking about your goals will not make them come true. By talking to others you can make a promise or commitment to them about what you are going to do - then do it. It is harder to break a promise to others than to break a promise to yourself.

When you are talking to others, ask for their advice, and listen to their stories of how they became successful; believe in your dream, and believe in yourself.

Avoid negative influences.

Can you commit yourself, your energy, and part of your life to this goal? If you have not been good at commitment before, this does not mean you cannot make a fresh start.

*Good
Luck*

CHAPTER 2. CHOOSING A BUSINESS FOR YOU

Looking at businesses for you

You should be excited about your small business. Excitement and belief in yourself will give you the energy to research which business is for you.

It is best if you choose a business in which you have worked before, or have had as a hobby. You should be very interested in the business. It is hard to keep working very hard on a business you do not like or one with which you are bored.

If you decide to pick a business that you have not worked at before, you might decide to work at that job for a short time. You can also take a course, or talk to someone who has the business and see if they will be a coach or mentor for you.

Your business should give you a feeling of personal reward along with a money reward. It should not only give you money to live on, but something to live for.



What kind of business is for you?

To choose your business you should pick a business that interests you. We are going to get you to answer more questions about yourself. This will help you sort through your options.

When you were a kid - what did you want to do "when you grew up?"

If your dreams came true, what would you like to be or do?

What do you like to do?

What are your hobbies? What do you do in your free time?

What are your special skills or gifts?

In what business could you use your skills or gifts?

Think about what you would do for free, or what you would volunteer at:

Choosing a Business for You

What jobs have you really liked and were good at?

What exactly did you like about those jobs?

How were your special skills used in those jobs?

Where to study your business options

Some people think that 50% of the jobs that will exist in 5 years do not exist right now. You should find out what businesses and jobs there are right now that interest you. Study what jobs you might like to have in 5 or 10 years. Your job of choice for tomorrow might be the business for you today.

You can do this research by:

TRAINING

- attending trade shows, career seminars, franchise fairs

CENTER

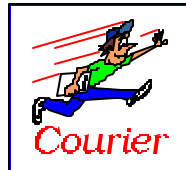
- talking to people, talking to friends, and friends of friends about businesses
- going to the library or bookstore, reading business books and trade magazines
- checking the CompuServe data base and Internet (at most libraries) for ideas
- checking the newspaper's business section (some have a certain day for small business) looking through the business ads
- letting your fingers do the walking in the "yellow pages" of your phone book
- talking to clerks at government and chamber of commerce business offices
- Talking to counselors at college and university business departments

Ideas for businesses

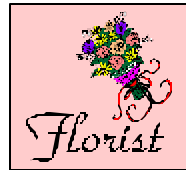
automobile
building
catering
distributing
entertaining



furniture refinishing
golfing instructor
home renovations
interior decorator
janitor



karaoke sales
limousine driver
market gardener
natural food
office machine repair



photographer
quilt maker

office rug cleaner
recycler



tree mover
used cars sales
video rentals

telephone

window cleaner
x-ray repair
yoga instructor
zipper repair



art gallery
bakery
camping equipment sales
dog training

electronic repair
flower shop owner
gem sales
hair stylist
ice skate sharpener

jewelry store
kitchen designer
lawn care specialist
movers

Native crafter
office cleaner
pet groomer
quality control

scuba diver

answering
undertaker

violin maker
weaver
xylophone player
yogurt maker
zoo

Three kinds of businesses

There are three kinds of business; **selling, servicing, and assembling**. They are also referred to as retailing, servicing and manufacturing.

It is sometimes hard to say a business is just one of those three kinds of business.

1. In retailing, you are often selling something you built or assembled.
2. If your main business is servicing, you can choose to repair items you sell, and they might be things you make or manufacture.
3. You might be in a service industry and just sell related items.

Need
to
Know

It is a good idea to have at least two or three (or more) related or connected businesses under one business name. If you only have one business idea or just one business, you are putting you and your business at risk.

More than one business within a business will give you more chances to make money. If one idea fails you will not be hit so hard. "Don't put all your eggs in one basket," as they say.

People change, fashions change, our needs change. The market place is always changing to meet our needs and wants. You and your business must be able to keep up with change.

What kind of business is for you?

What can you do best? Selling, Servicing or Assembling?

What skill makes you good at that?

In what businesses could you or would you like to use that skill?

Can you put 1 or 2 or 3 business ideas under one name?

Selling

Does selling sound scary to you?

BENEFITS

You might think to be a sales person you need to wear weird clothing, yell a lot and be pushy. We have all heard jokes of the traveling salesman.

You may not have heard how some of the richest people in the world are or were in sales. They include people like Henry Ford (cars), Bill Gates (computers), Mary Kay (cosmetics).

We all sell every day. When you tell someone what kind of car you like best, your favorite store, or your best shampoo, you are selling.

You can sell from your garage or front lawn in a garage sale. You can sell from the trunk of your car or a table at a flea market.

Maybe you put out flyers, or have "home parties" and deliver to your customers in person or by mail. Your storage or warehouse could be in your home or garage.

You might have a booth or kiosk in a mall or a store of your own. You might be a wholesaler that sells to other store owners who sell for you to the public.

Selling is sharing of an idea, of information or an opinion. There needs to be a need or a market for what you are selling. It is best if you believe in what you are selling!

Choosing a Business for You

Napoleon Hill's books such as The World's Greatest Salesman will give you ideas on how to succeed in selling.

What could you sell?

Where and how could you sell it?

Who is going to buy it?



Servicing

Servicing is much like selling because in both businesses you are often working with the public. In servicing, you do things for people. For example, much of the tourist business is servicing.



The question to ask yourself is, "Do I enjoy doing things for people or fixing things?" If you do not like working with or for people, you can have someone else do the "talking" to the public - to be the "front" person.

The person who is in the service business often fixes the items that other people sell. They can also give a service like selling food in a restaurant.

Years ago, there were not so many service businesses. We built our own houses and furniture. We fixed our own cars and trucks. We grew or made our own food, we sewed our clothes. We did our own laundry and cleaning.

When we went on holidays we either stayed with relatives or camped in our tent. Hotels were for business people. There really was no tourist industry.

Now life is more fast-paced and complicated. Most of us do not have the time or the skills to do all those tasks. We are usually very busy at our jobs or careers. We need to save time by hiring someone.

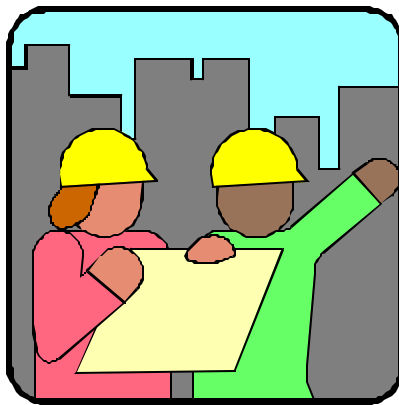
Most of us use service companies. We hire others to do the building, to do the fixing, to do the growing and the sewing. Many get dry cleaners, and maids to do the housecleaning. We eat out, we stay in hotels and motels or expensive motorhomes.

There are many, many examples of servicing.

Choosing a Business for You

What do I like to do for others?

Who would my customers be?



Manufacturing

Manufacturing is the building, assembling or production of something. If you are building something, you will need to sell it if you want to make money.

You need to decide if you want to sell directly to the buyer. If not, you can sell it to a sales person or to a store to do the selling to customers for you.

You could also decide to make your business a mail-order business. You would put out a flyer, or advertise your business in the media or on the Internet. People could order your product by mail, phone or e-mail. (Then you make sure the customer gets your product.)

Just like all the other businesses, you might be able to run your manufacturing business from your home. It will depend on what you are building.



Do I like to work with my hands?

What do I like to build?

Is there a market for my "thing-a-ma-jig?"

Which of the three businesses is for you?

You need to think about which of the three kinds of business is for you. As mentioned, most businesses have parts of two or three kinds of business.



- The three kinds are:
- 1) selling
 - 2) servicing
 - 3) assembling

The following questions might help you think of new ideas for your business:

1. What "things" (products) or services could I import or bring into Canada from another country to sell?
2. What product or service could I export or sell outside of Canada?
3. What trends can I see in sports or recreation that I could make money at?
4. What fashion or lifestyle trends could I sell?
5. Could I sell a product or service for babies, teens, generation Xers, or the elderly?
6. What products or services have I seen in my travels, that have not been sold in my area?
7. What skills do I have that I could teach others?
8. What skills do I have that I could sell or market as a consultant?
9. Can I make something easier to use, environmentally friendly, less costly, less fattening, lighter, more portable, safer or stronger?

Choosing a Business for You

10. What service has government got out of that I could do?
11. Where have I been when a business person needed the help of another small business person?
12. What business have I seen that I said "I could do that!"? Do I want to buy that business or start a similar one?



Is your chosen business good for you?

After you have chosen a business, you might want to ask yourself these questions.

1. What is the business you have chosen for yourself?
2. What kind of business is it? Selling? Servicing? Manufacturing?
Is it a mixture?
3. Does this business use your skills and experience?
4. Do you like working at this business? Will you soon get bored?
5. Who will be your customers? Are there enough to make a living?
6. Who are you in competition with?
7. What will your start-up costs be? How much will it cost to run?
8. How can you get that money?
9. How much does your family need to live on?
10. Will you be able to make enough money? How long will it take?

CHAPTER 3. FITTING YOUR BUSINESS INTO YOUR LIFE

Your business in your home

The easiest way to become self-employed is to become a homepreneur - to work from your home.



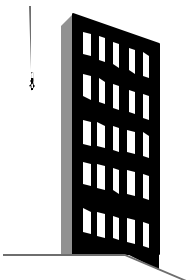
This means if you make enough money to pay the rent or mortgage, a big part of the cost of your business is covered. It is called keeping costs and your overhead down.

You can start your business using the kitchen or dining room table. Some businesses have started with a board between two stands or on two chairs!

Your "desk" can be in a spare bedroom, basement, attic or garage. You should have a place where you have the space to do your business. You might need room for supplies, inventory and record keeping.

It is important to have a door to separate your business from your home if customers need to come to your place of business. This way you will be able to have a professional look to your place of business.

A door is also the tool to help you lead a balanced life. It is best if you can leave your business space and close the door at the end of the working day. It helps you keep business life separate from your private or home life.



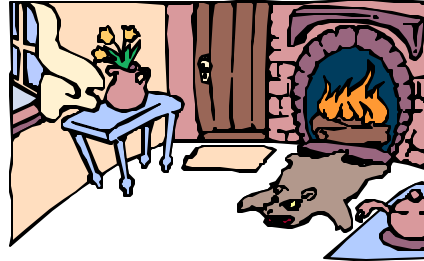
A door creates a separate space so you can have privacy. Your family won't be coming and going during your business time.

A solid core door can keep household noises out of your office. Those noises can be very distracting. A door also keeps the housework that needs to be done out of view, so it is not so distracting.

Fitting Your Business Into Your Life

Other things you might need are:

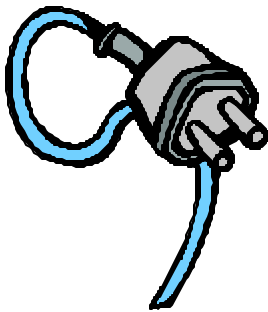
- 1) privacy for interviews
- 2) an area large enough for meetings
- 3) a show room
- 4) a storage room for product or inventory
- 5) a large area to make or assemble product
- 6) a safe store room for dangerous equipment or chemicals.



Electrical needs of your home office

You will need to be able to use a lot of electricity without “throwing your breaker” or blowing a fuse. The regular office equipment of desk lamps, coffee pots, clock-radios and heaters need to be plugged in.

Now phones, answering machines, computers, monitors, printers, scanners, modems, copiers, fax machines, pencil sharpeners, and paper shredders all need electrical outlets.



With such a large amount of money tied up in equipment it might be a good idea to have a dedicated circuit or an electrical line reserved for your office. There would be no household users (such as washers, fridges, stoves) on that line.

You also need special extension cord plug-ins called “surge protectors” so that your equipment is not damaged by different levels of electricity. Electricity can have voltage changes that cause a huge amount of electricity (a surge) to come into your machines.

Sometimes there are low power times called brown-outs. They, too, cause damage.

Your business and your life partner

In Canada 1 in 5 people are self-employed. Of those people, 75% are married or have a partner. Your partner or spouse will need to be a “partner” in your business, even if it is a silent (or not so silent!) unofficial partner.

There are stresses in every relationship, but having your own business adds stresses your partner might not be ready for or understand. You might have to decide if starting your own business is worth the stress on your relationship.



It is important that you review the bad points of self-employment again on pages 7 and 8. Next talk about those bad points and how you and your partner can handle them.

There are two points that might affect your partner the most. The first is the lack of a steady income and regular pay cheque benefits. The second is that starting and working at your business might take time away from them.

If you decide to be a homepreneur your partner might have to get used to you being home more. It might mean they have to give up personal living space for the business space.



If your partner is also going to work with and/or for you, you will have to talk about what it is like seeing so much of each other. You might have to plan to spend time away from each other.

It is hard to have a totally equal business relationship. Talk about the possible shift in power. You can be equal in power, but have different roles in the business. It is important that each person's work in the business is valued and respected.

Fitting Your Business Into Your Life

You and your partner will need to know how to deal with disagreements. For some it helps having friends that have a partner that has a business. Some couples feel that living and working with that special person is the joy of being self-employed.

Your business and your children

It will be important to talk to the children in your home about what changes are going to happen now that you are becoming your own boss. Even the little ones need to know that they are part of the team, part of this journey.

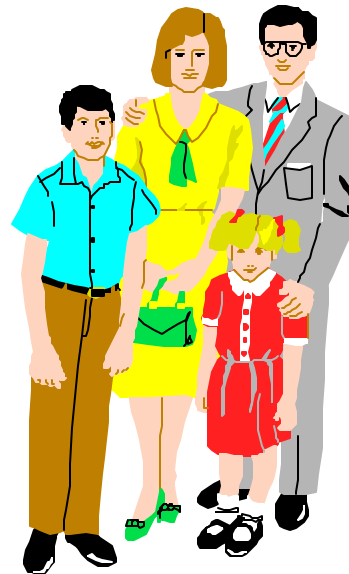
Your office might be in their old bedroom or their play area in the basement. They might have to be more quiet, or not answer the phone during work hours.

They will need to know that there may not be as much money for them as before. They may get mad at you for spending money on your business and not on them.

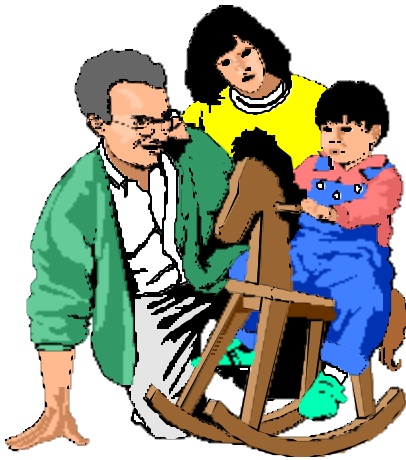
Children often work in the family business. Many parents feel that if the children work for the family business it teaches them the value of money and work.

Often children need to work for the business to make the business successful. Paying your family members to work keeps the money paid to them in the family. Money does not leave the family to pay outsiders. Those wages are tax deductible too. (Having your children work too much at the business might be called abuse by some people. You might want to discuss this with your partner, your children and an outsider.)

Your children might notice that you are not around to play with them or take care of them as much as before. Their playing time with you might be different. President John Kennedy allowed his children in his office to play while he was at work.



Fitting Your Business Into Your Life



Sometimes it is because there are children at home that you decide to run your business from your home. Their needs may be a big factor as to what business you start.

If you are also the child care giver, it can be very hard to separate work-time and space from home-time and space. You might choose a business that the children being around will not bother or harm.

You might decide you can work when the children are sleeping. That means early mornings, late nights and some "nap" bonus time. Others wait until their children are in school before starting their business.

You might decide it is better for your business to have someone come into your home to look after your children while you work. "In-home" child care means the children can stay at home. It may be cheaper than paying rent on space for your business outside the home.

Some homepreneurs decide they will have their children taken care of outside the home in another person's home or a day-care. Your partner or other family members - like older children, uncles, aunts, grandparents or neighbors - may have a role in child care.

Your business and your community

They say “no man is an island.” You and your business are not islands either. You are both part of your family and part of your community.



Your business is likely to have some effect on your community. You will need to make the impact on your neighbors and community as small as possible.

Before opening your business in your home, or anywhere else, you should check the zoning bylaws of your local government. We'll talk about legalities later.

If you rent, you might want to discuss your business idea with your landlord. It is good to have your neighbors on side so they do not try to shut you down.

Ask yourself:



Is your business going to cause more traffic?

Do your customers have a place to park?

Will your business bring trucks to the community? Is it legal to have trucks traveling and parking in your community?

Is your business going to cause extra noise?
Will your neighbors tolerate the noise?

Is the noise level legal?

When you have to make noise, is the time within bylaw rules?



Fitting Your Business Into Your Life

Will your business create smells?

Will the smell affect your neighbors?



CHAPTER 4. GETTING PROS TO HELP YOU

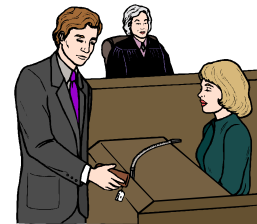
Professionals cost money but.....

It is a good idea to get some pros like accountants, bookkeepers and lawyers to help you. Don't be scared to talk to them. Remember, you are the boss.



You need each of these pros because business law and taxation are always changing. You cannot think about the needs of your business if you are trying to keep up with all these changes.

When you are finding an accountant, bookkeeper or lawyer to help you, talk to them - interview them. If you cannot write well, take a tape recorder with you so that you can keep notes.



Talk to them to make sure you "talk the same language". That means you should understand them, and they should understand you. They should know a bit about your business.

Get someone that you trust. Decide on who you will hire by the "feeling you get in your gut" when you talk to them. Don't trust someone who puts you down, who you don't understand, or who you don't feel comfortable with.

All three of these pros charge by the hour. Accountants and lawyers charge the most. In order to keep your costs down it is good to do much of the paperwork yourself.

You can keep your books and records for the accountant. You can also do some studying to find out how much of the legal "legwork" you can do.

You should have an accountant help you set up your business books and records at your start-up. It is a good idea to have an accountant look over your system of record-keeping.

Getting Pros to Help You

If you cannot keep books or records, at least keep all your receipts and bills organized so that your bookkeeper can take less time to do your books.

After start-up some people see their accountants once a year at tax time. At that time they bring in their books which they and their bookkeeper have been working on all year.

Accountants



One of the first people you will need to "get to know" is an accountant. It is their job to know what records need to be kept. They know the best way, or format, to keep that information.

You want to save money on taxation, and that is what an accountant does. With good records you will be able to see your costs and profits. Good records will help you understand where you have been, or the history of your business, and where you are going in the future. You will be able to "fill in the blanks" of your business plan, inventory, cash flow and personal net worth statement.

An accountant will help you set up your bookkeeping system and set up a budget. You can choose to keep your records in an old-fashioned ledger book or on computer spreadsheets.

Advice on many things is also an accountant's strong point. They can give you "rental vs buying" information, taxation tips, and advice on buying insurance.

In Canada, accountants can have three different sets of letters behind their names. CA stands for chartered accountant, CGA means certified general accountant and CMA is a certified management accountant.

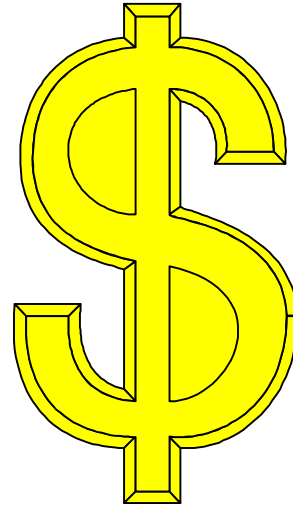
Before you hire an accountant, get some referrals from other business people that have businesses the same size as yours, or who have the same kind of business. It is important your accountant speaks your language and understands your goal.

Accountants charge by the hour, so do not do much small talking. Keep good records, and then you will only have to see your accountant once a year at tax time.

Bookkeepers

A bookkeeper helps you keep your accounting fees and costs down. Bookkeeping is the keeping of your records. Bookkeepers keep track of your money - what is coming in and what is going out - the sales and expenditures.

Bookkeepers keep track of your money by keeping records of it by putting or entering the information in a big book or ledger. Sometimes they use computer programs (like Excel) and use "spreadsheets."



There are two schools of thought on this matter of bookkeeping. Many advisors say you should do, or keep, your own books. That way you know what is going on in your business. Most decisions you make depend on your money situation or your financial information.

That financial information is in your books, and it will be in your head if you do your own books. By doing your own bookkeeping you understand why the money flows out of your business so fast, and comes in so slowly!!

Businesses have gone under (bankrupt) when the owner did not know the true financial situation of the business.

For some people bookkeeping is an enjoyable part of running their business. They like working with numbers. Once a month they enjoy putting the figures on paper in an organized way. This is quiet work you can do by yourself. It's thinking time.

Some people decide that they want to spend their bookkeeping time in another way, so they hire a bookkeeper. Hire someone you trust.

Lawyers



You need to get a lawyer that knows business and tax law. The lawyer will help you decide what kind of partnership or incorporation you want.



Depending on your business, they can also tell you about import-export law, labor law, insurance and liability law. We do not want to get sued, do we?

The best way to get a lawyer is from a referral by a business owner who owns a business similar to yours or the same size as yours.

You might want to talk to at least three lawyers. Make sure they understand small start up business problems. Make sure they respect you and "speak your language."

The first half hour of your time with a lawyer is free. After that, as with accountants, time is money to lawyers. Be prepared with a list of questions either on paper or on tape. (Note: If you have trouble writing, ask the lawyer if you can tape the meeting or make notes on tape.)

Pros charge you the same for a phone call as they do for a person to person talk. Know what you want to ask. You might also ask yourself if yours is a legal question or one that someone else can help you with.

Other people to help you

In Canada, your federal government department of Human Resources and Development offers advice, and financial programs, for entrepreneurs.

The Federal Business Development Bank (FBDB) offers courses for small business owners that cost about \$100. per day. They also have books and brochures to help you.



The FBDB also has people to help you on an ongoing basis. They are CASE (Counseling Assistance for Small Enterprise) counselors. They are a nationwide group of retired business people who offer advice for a small fee. They will assist you with your business plans, marketing, financial budgeting and fundraising, as well as advertising.

Community Futures, a federal program, offers free advice from counselors. Their offices are outside the large cities.

Your provincial government also has a department that handles Small Business Development. Both governments can help you decide what kind of business you want or should have.

Most local or municipal governments work closely together with the local Chamber of Commerce to give free advice to small business people.

Most colleges and universities have departments dedicated to small business. Some universities have students that will give free or cheap advice.

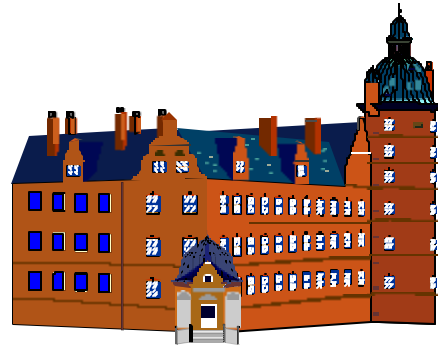
In Calgary, the Mennonite Central Committee "Start Up" program gives advice and courses, etc. for a reasonable cost.

CHAPTER 5. LEGALITIES

Government rules and regulations

There are three levels of government that are involved in your business:

- The local government which is called the municipal government; (city or town)
- The provincial government; (province)
- The federal or national government; (country)



Each of the levels of government has its own rules and regulations. They each have their own taxes and permit system. Each have areas for which they are the watchdog. (There is some over-lap.)

Governments have a say and control over many different parts of your business, such as:

- type
- location
- building
- manufacturing
- traffic
- staff training and deductions, and
- safety issues.

Local or municipal government

The local government is called the municipal government. Local rules can change from one community to another within a province.

There will be rules and regulations for you and your business if your business is in a big city, town, village, or on a farm.

It is a good idea to check with the local government. The municipality will have information about business licenses, permits and regulations. They will tell you what businesses can go where (zoning regulations). They will sell you permits and licenses:

- to have a business
- to build your business place
- to operate your business
- for transportation, and
- even for parking!

Provincial government



The provincial government has an even broader range of areas over which it has control. It sells even more permits.

You will need to check into more rules. They cover areas such as bonding, examinations, environmental concerns, fire safety, highway (transportation) permits, trade, waste, water and zoning.

The environment is a provincial concern. If your business involves water, waste, or the air and atmosphere, you will need to get permits.

Many people working in the trades need to have a journeyman's certificate in order to get hired, be covered by insurance, or get a contract. Your provincial government looks after apprenticeship and certificate programs.

Safety in the home and in the workplace is also a provincial concern. The Workers' Compensation Act in each province covers most industries. WCB makes payments to workers who are hurt on the job.

As an employer, you are not covered by the Workers' Compensation Board. You must make payments for your workers to the Board. You will need to pay according to what the employee earns and what industry you are in.

Money must be taken off (deductions) each person's cheque for the provincial Health Care Insurance Plan. For example, in Alberta all employers with 5 or more employees (owners and partners) must form an employee group for payroll deductions of premiums (payments to the plan).

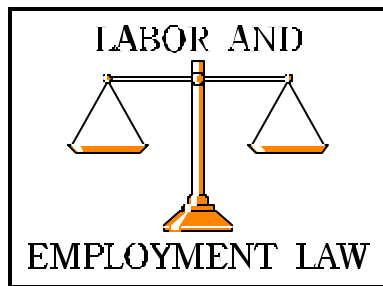
Legalities

Most small businesses must follow the rules of the Provincial Employment Standards such as:

- days of rest; days off; statutory holidays
- farm workers; seasonal workers
- holiday pay and vacation pay
- hours of work
- maternity and adoption leave
- minimum wages; overtime pay
- statement of earnings and deductions
- termination of employment (firing workers).



Federal or national government



Contact Industry Canada and the Canadian Labor Code for the information you need. It is not up to them to make sure you have all the information you need. It is up to you.

The government of Canada, based in Ottawa, is involved in many areas of your small, local business. It has licenses for many areas: agriculture, communications, exporting, importing, fishing, manufacturing, or transporting between provinces (interprovincial) or between countries (international).



1. **There are rules on labeling.** Your label must be in English and French. It must state the name of the product, the weight or quantity in metric units, and have the name of the person, company, or place of business it was made for.
2. **You must contact the Weights and Measures Branch of Industry Canada** if you are selling things that need to be weighed or measured. They must look at and OK (inspect and approve) your scales and pumps.
3. **Contact the Federal Commissioner of Patents if you want to protect your idea with patents, copyrights, trademarks, or industrial design protection.**

A patent is a "legal right" to own an idea or invention that is new, useful and innovative. Patents protect your invention for up to 20 years.

Copyrights mean others cannot copy your artistic, dramatic, musical, photographic or written works. For photographs and sound recordings, copyright protection lasts for 50 years. For written material, copyright lasts the life of the author plus 50 years.

Legalities

A trademark is a unique design, logo, mark, symbol or word used to identify your product or service. It is yours to use solely or exclusively for 15 years. It can then be renewed.

The unique or original pattern, shape or ornamentation of an article can be protected for 5 years, with a 5 year extension if approved by the Federal Commissioner of Patents.

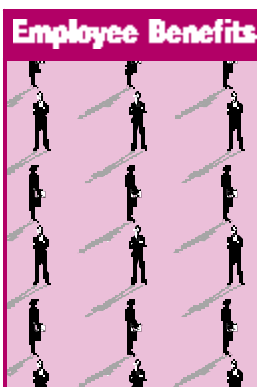
Federal government payroll deductions and taxes

4. **Revenue Canada will help you with your payroll deductions**, or the money you must take off your employees' pay cheques. These rules are many and always changing. Revenue Canada Taxation has free sheets on this, or you can contact your accountant for the amount to be taken off cheques.



The law of Canada states you must take deductions off employee cheques for Employment Insurance (this used to be called Unemployment Insurance), the Canada Pension Plan and personal income tax. When hiring people you must contact Revenue Canada to obtain account numbers and forms.

The costs of Employment Insurance payments or premiums, and Canada Pension payments or contributions, are shared by you the employer, and the employee. That means you must make deductions off the employee's cheque and pay an employer's portion.



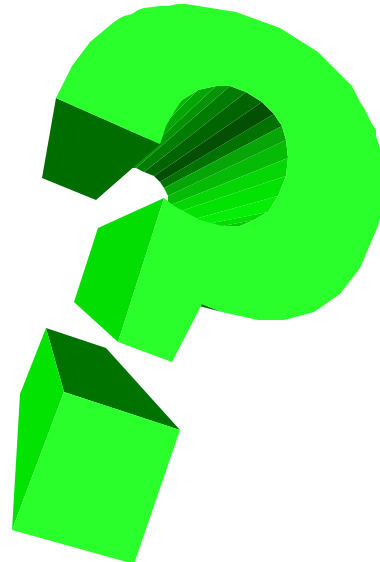
If the people who work for you are on contract, you do not have to make the deductions or pay employer payments. Revenue Canada has strict rules as to who is and who is not an employee, contractor, or who is self-employed.

Self-employed people who want to be part of the Canada Pension plan must pay both employer and employee portions. They pay taxes 4 times

a year.

Legalities

5. **The Goods and Services Tax (GST)** does not have to be collected by you and your business for the federal government unless your business has made over \$30,000 of revenue in 1 year (4 consecutive quarters). But by getting a GST number for your business, it allows you to get the GST back you pay on goods and services. If you have less than \$30,000 revenue, and have registered, but find the paperwork too much, you can de-register.
6. **Customs Duties** are the payment of duties and taxes on all imported goods. A customs broker can help you with the many rules of customs.
7. **The Excise Tax** is the tax on the selling price of certain items such as cigarettes, jewelry, tobacco, watches and wines which are made in Canada. Manufacturers and producers of such goods must pay an excise tax if sales revenues are more than \$50,000 per year.



Legal types of businesses

Now you have to make another decision. Do you want to be a sole owner? Do you want to have partners? Do you want to have a limited company or corporation?

These are questions that have legal issues. You should get legal advice from a lawyer and tax advice from an accountant before deciding what kind of business you want.

The non-corporate forms of business are:

- sole proprietorship

- general partnership

- limited partnership.

Often business owners will start their business as a sole proprietorship. This saves on the legal costs. It's a cheap way to get the feel for your business and to see if it will work.

Sole ownership

If you are the “only” owner of a business it is called a sole ownership or sole proprietorship. You and you alone are solely responsible.

The good points of a sole proprietorship are:



It is the easiest and cheapest way for you to set up a business.

You have all the control and make all the decisions. You are responsible to yourself. You can easily make changes.

You can do your own thing and not worry about partners.

You can lower the amount of your income taxes. Legally, the business and the owner are seen to be as one for taxes. Some of your business costs can be used to lower the amount of income taxes you pay.

You can also deduct business losses from your taxes.

You can run the company under your name without registering it. (If you are not going to use your name, you will need to fill out a Declaration of Trade Name form.)

Legalities

The bad points are:

It can be hard to raise funds for your business through banks.

You and your business might not qualify for some government loans or guarantee programs.

You are legally responsible for all the costs or debts of the business including costs and acts of staff.

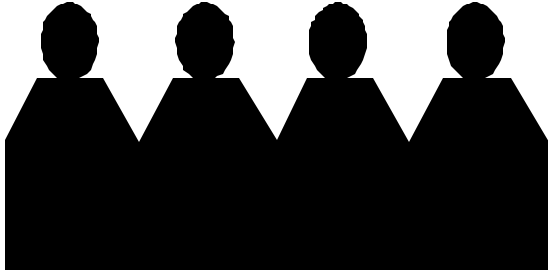
You have to come up with all the money and your personal property is at risk if the business fails.

All income to the business can be taxed as personal income.

You have to come up with all the ideas and work for the business.



Partnerships



A partnership is slightly more costly and more involved than a sole proprietorship. You need to have some legal paperwork done.

A partnership is a legal business relationship. Each “general” partner takes responsibility and is liable for the actions of the other partners.

As a “limited” partner, you are only liable to the business for the amount of money you have invested in it. But, to be a limited partner rather than a general partner, you cannot be active in the business’s management or act for the company. You really are a silent partner.

Your new company name and the names of all your partners must be registered with the provincial Corporate Registry agent. This means the public can get the names of the owners of any business.

A business partnership is like a marriage as it is a legally binding relationship. You should have a lawyer involved in the written partnership agreement.

Legalities

Your partnership agreement should have:

The name of the business partnership, and the starting date of that partnership.

PLANNING



The reasons or terms and dates (if available) for ending the partnership.

The names and addresses of all the partners.

How partners can leave or how new partners can be added and the reasons a partnership can or will be terminated.

The duties and responsibilities of each partner and the amount of money each partner has invested in the business.

The name of the person who will be looking after the money and other business records.

How the profits or losses will be shared by the partners.

How partners will handle differences or disputes and make decisions.

How the partners will handle death, bankruptcy or retirement.

Value Add



Good and not so good points of partnership

There are even more things to think about when looking at a partnership where the members are general partners. See your lawyer if the members are limited partners.

Good points of a partnership:



It is still quite cheap and simple to start up a partnership.

Once the first papers are written up, it is easy to add partners.

You and your partners can share the work of the raising of the needed money.

You all share in the financial risk of that business.

You have partners to give you ideas, to support yours, and to bounce your ideas off of.

Legalities

Not so good points of a partnership:

You are responsible or liable for the actions of not only yourself, but also your partners.



You should hire a lawyer to write up a legal agreement so each partner knows where s/he stands. This takes time and money.

You must have the agreement of the partners before you make a decision. This not only takes time but can also cause stress between partners.

Limited Companies (Corporations)

If you have a limited company you will have Ltd. behind your company name. Now this LTD does not refer to a car! It refers to the limited liability you have to the business.

If you decide to have a limited company or corporation you have to use Ltd., Limited, Incorporated, Inc., or Corporation in your business name.



A business can be a public or a private corporation. A public company can get money or can raise capital by selling shares to the public. This is very costly and takes a lot of time because you must put together and file a "prospectus" with your provincial Securities Commission.

Most new small business corporations are private companies. They are much less costly and easier to set up and run than public corporations. With a private company there can only be up to 50 shareholders. You cannot sell shares to the public.

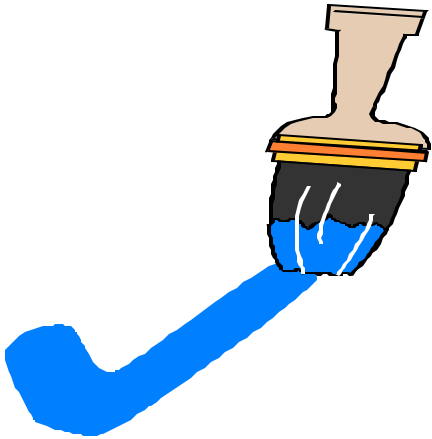
CORPORATION

You can incorporate your business either provincially under the Business Corporations Act or federally under the Canada Business Corporations Act.

If you incorporate federally, you must also register in your province or territory to do business. If you wish to expand outside your province you must register as an "extra - provincial company" with the Corporate Registry in that or those provinces.

It is a good idea to get a lawyer involved with the incorporation of your company.

The good points of a limited company:



The main reason to become a limited company is that you are not solely responsible for the business actions, debts or liabilities. The risk is shared and limited to what you put into the business.

The company has its own identity separate from you and other shareholders.

There is now a legal separation between you and your company. You each have your own identity and tax-paying rules.

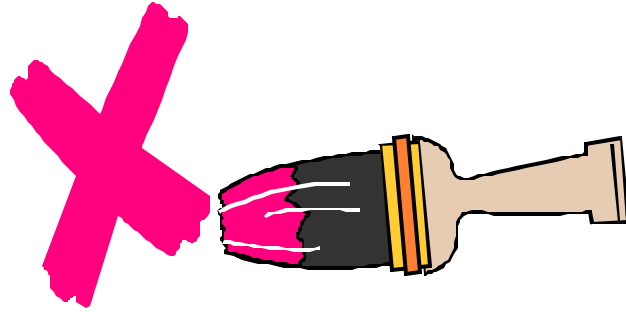
As your company grows and your income grows, you will be able to have more tax deductions, which means more money for you to keep.

If you need more money for your business you can sell shares.

You can get more money or raise more capital by offering shares or getting loans.

The not so good points of a limited company:

To be a limited company it is more expensive, and you will need to do a lot of paperwork.



You will need to complete even more paperwork, record keeping and regular "minutes" to governments.

Now even if your company does not seem to be making much money you will still have the paperwork and reports to do and the business taxes to pay.

Banks and creditors may still ask you to put up your personal assets for personal guarantees on business loans.

You will have less privacy, as you have to report each year, to shareholders, the income and debts of the business.

Co-operatives

Business co-operatives were the tools of how much of the west was built. They are a special type of business, one that many books do not look at.

Talk about this kind of business with your lawyer and/or the provincial registry agents. It may be for you.



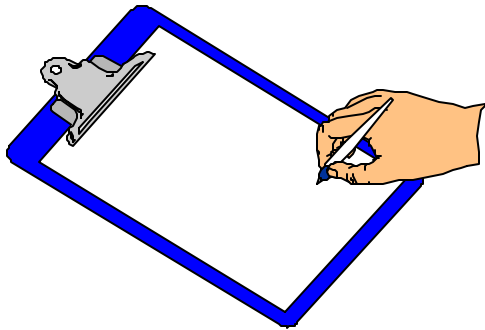
A business co-operative is where the money or capital for your business is raised by the members who have shares.

Unlike a limited company, each member has one vote only, no matter how many shares they have. You and the other people who have shares are only liable to the value of their shares.

Some people think this is a very fair way to spread the profits around. This is the community approach to fund-raising for a business and then spreading the benefits around.

All cooperatives must be incorporated and contain the word "cooperative" in their name. Examples of co-operatives are the famous Calgary Co-operative Stores, Native craft and hobby co-operatives, and co-operative housing projects.

Buying a business



You need to decide if you are going to start your own business, buy a business that exists, or get a franchise. We are going to look at buying a business.

It is very important that you study the history or track record of the business for the past three years. Get an accountant to look over their books.

INVENTORY

Study the company's:

- 1) balance sheets
- 2) income statements
- 3) tax returns
- 4) sales and purchase orders
- 5) bank deposits.

ASSET

You could talk to the banker that has been looking after the account. You should get a lawyer. There should be a written contract stating what assets you are to buy, what liabilities are yours and when the sale is done.

Old age, great beauty or looking rich does not mean honesty. Get the answers to these questions:

Legalities

What did the community think of this business? What was the reputation or image of the business?

What is the value of their customer lists and trademarks or copyrights. What was their relationship with suppliers? What is the value of the land, buildings, furniture, stock or inventory and accounts receivable (money owed to the business)?

How much does the company owe, what are their liabilities: mortgages, back taxes, unpaid bills. Check for liens against the property.

Why is the owner selling? Are all the records open to see and study?

Who did the books and kept the records? Are they true?

Have the sales and profits been going up? For real or just on paper?

How much money is owed to the business? How old are those receivables. (The older they are the harder they are to get.)

Was the owner ever audited? What were the results of the audit?

Is the need for the service or business increasing or decreasing? What is the market value or the replacement value of this business?

How would you get the money to buy the business and keep it going?



What is a Franchise?

A franchise is usually a big business that has a head office and then many businesses exactly the same. You pay the head office for the right to sell their product or service exactly their way, in a certain area.



If you like to be part of a team, and get support and help, you might want to think of buying a franchise. You pay to be part of that expert team, for the reputation and customer recognition.

In your study of franchises you will find the person who buys and runs the local business is called a franchisee, who bought a franchise from the creator or franchiser.

Franchises are the fastest growing kind of business in Canada. They started as car dealerships and service stations, expanding to fast food restaurants, income tax offices, maid services, office services, photo services and private schools.

PROFITS!

A franchise is usually a safer investment than a similar independent business. If you cannot afford a franchise, often you can sign a contract to have the franchiser help you come up with the funds for your purchase.

A franchise usually starts as a small business that is successful. The creator has worked out

Legalities

all the “bugs” and has developed a system to sell a product or service.

The franchiser then makes you pay for the experience and information they have about that business. The bigger and better the reputation of the franchise, the more you pay for the franchise.

This system really does mean you do not have to “re-invent the wheel.” It also means you have to follow the rules and steps of the franchise.

By following all the rules you can be sure your product is the same as the franchise product in other parts of the city, province, country or the world. People tend to trust a well known, established name.

Questions about Franchises

Some people think that having a franchise is a promise to be successful - “a license to print money.” It might not be.

Some also say, “Buy it and they will come.....”. They might, they might not.

The list of different kinds of franchises and their different costs grows every day. There could be one for you. Make sure you have your lawyer and accountant in on any decision.

These days there are franchise career days offered in cities. You can go and see hundreds of different kinds of franchises you may buy into. You can talk to people who are franchisees and see what system each has. The most important question that needs to be answered is, **“Is this franchiser a member of the International Franchise Association or the Association of Canadian Franchisers?”**

The second question is, **“Is this franchise company registered with the**



Legalities

local Securities Commission?"

As with any other business, when you are looking at a franchise, you need to ask questions about yourself.

What do you like to do? What are you good at?

What set up of franchise rules can you live with?

What franchise tasks are you not good at?

What franchise would give you help with that area?

What franchise meets all those needs?

What franchise can you afford?

Is there a franchise you really like but cannot afford?

Will they help you get the money or make payment arrangements?

More Questions about franchises



When doing your homework on franchises, get these questions answered. It will save you time and money.

Who are the customers for this product or service?

Is the demand for the product or service growing or falling?

Will people want this product in the future, or is it just a fad?

Is its product and service the same everywhere?

What kind of a reputation does this franchise have with the public?

What kind of reputation does the franchise have with suppliers?

Are the franchisees happy about being part of this franchise?

Did the franchiser provide support and encouragement to them?

Were your questions to the franchiser answered clearly and quickly?

Legalities

Does the franchise have good financial backing and a good credit rating?

Will the company help you buy the franchise or help you get money?

Does the purchase price pay for the use of the company name, use of patents, logo and trademark, operating and training programs, special recipes, and expertise in starting a business?

Will there be future charges to you for providing stock and inventory, accounting and record keeping, lease payment on the building, and advertising?

Will there be co-operative or shared cost advertising?

Will you have control of your business?

Does the franchise come with a hired manager and staff?

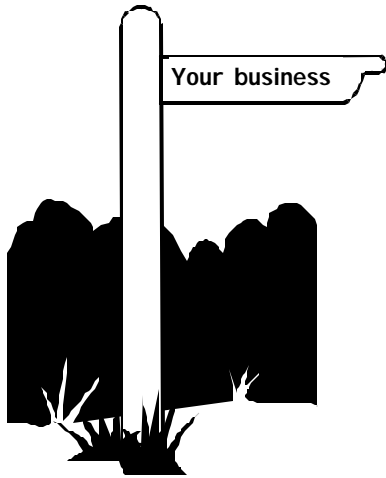
Can you sell the business?

Does the franchiser protect your area?

What rights does the franchiser have to end your contract or limit sales?



Your business location



Now you need to decide where your business is going to be. Different businesses have different needs.

There are many questions that come up about the location of your business, if you decide not to start your business at home.

When you talk to old-timers they will tell you that "location, location, location," is the most important question to answer. Realtors say you need "curb appeal." Customers should like the looks of your business.

It is a good idea to rent in the beginning, if you cannot start at home. Then you do not have money tied up in a down payment. You can easily move if you need to.

Do not take the first place you see. Look around to see if other businesses in the area compliment yours. Make sure it is the best deal you can get....ask more questions.

Questions to answer about renting or leasing

Do you have to sign a lease? If you do, how long a period is it for?

Can you sublet to someone?

Can you expand?

Does your monthly payment include all your utilities such as electricity, gas, air-conditioning and water?

Who will have to do and pay for the up-keep such as the cleaning, the plumbing, or the electrical work?

Who is to look after the “common” or shared areas like lobbies and hallways? Who will be mowing grass, or shoveling the walk?

Do the zoning rules of the local government allow your business there?

What kinds of signs and advertising do your landlord and government allow?



Different kinds of rental for different kinds of businesses

The different needs of different businesses mean that you need to study where your business will work best.

Sales and service businesses

There are even more things to think about before choosing a location for your business.

1. **Location-** You want your customers and potential customers to see your business so they will think of doing business there. You want them to be able to find it. You want them to like the looks and feel of your business.



2. **Customers-** You might want to have your business where your customers are. You can get the profile of the community you are thinking about by checking with Statistics Canada or your local government. You can find out about ages, family make-up, income and habits. This type of research can “make or break” your business’s success.



3. **Convenience-** You will want your customers to be able to find your business. You will want them to be able to get there by vehicle, to park their vehicles, or to get there by public transportation. Your business might only survive if there are walk-in customers.

4. **Competitors-** Sometimes you want to be near your competition, such as with fast food restaurants and car dealerships. Other times you want to be far away from competition. Is there a group of your industry to draw customers to the area? Or is there a superstore nearby

Legalities

to take away all your customers?

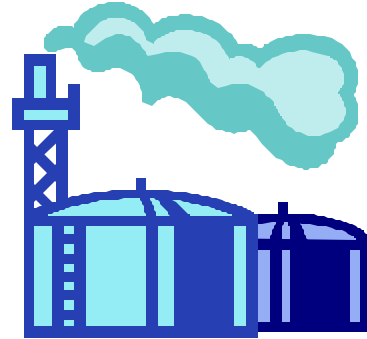
5. **Malls**- Malls have a lot of walk-in traffic. You can share the cost of advertising with other businesses in the mall. The concern is the high cost of rent, upkeep charges on the "common areas", security costs, and percentage of sales surcharges.

6. **Downtown**- If your business can survive on walk-in traffic at noon hour and during the work-day, downtown might be for you. Rent can be high and parking costs might affect your customers.

Locations for manufacturing

If you are building a product, you have even more things to think about.

Costs of producing your product and rent are critical. You also need to get your product to customers.



Do the zoning and environmental rules allow your business there?

What are the feelings of the neighbors and the community about your business?

Is it easy to get your raw materials to this location?

Is it easy to get your staff to the business?

Are you close to your customers or can you have easy access to the market?

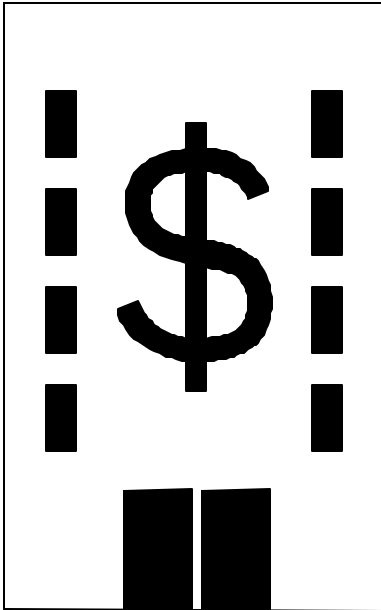
Do you have the utilities you need - the fuel, power and water?

Can you afford the space and the utilities?



CHAPTER 6. MONEY, MONEY, MONEY...

Getting money for your business



It takes money to start and run a business. Very few people have the money to start and then run a business. You will likely need to raise money.

That money can come from different places: personal savings, family and friends, banks, private investors, lending circles, and sometimes the government.

The secret to success in life and in business is to "borrow only what you need and only when you need it."

Some people have been talked into borrowing more than they want to and then were unable to pay it back. They ended up losing their business, and their home.

When you get money from anywhere you have to think about different kinds of stress. Borrowing from friends and relatives can be very stressful.

When you get money from family and friends you will be putting a personal relationship on the line. You might not have to do the paperwork a bank needs, but there is risk.

Yes, risk is something to think about. The more you borrow, the more you have to pay back.

The more you borrow, the more the stress. The more the risk, the more the stress.

Different people have different tolerances for the amount of risk and stress

Money, Money, Money ...

they can have in their lives and stay healthy.

A high debt can mean you lose the balance of business time and your personal or family time. It can mean you feel you have to work not for your business, but to pay off a debt.

Personal savings

If you truly wish to be your own boss - free - free from stress, free from debt, this is the way to go.

The best way to start your own business is to have your own money. In a survey 2 out of 3 entrepreneurs said it is best to have your own money for start-up money.

Your money can come from your savings. You might get money as a buy-out when you are forced to quit your job. Or you might get a settlement from a boss that fired you.

You can also have cash from selling some of your stuff, or from the estate of a relative that dies. Accident settlements also can give you start up money.

If you can choose this way of financing you are accountable only to yourself. You do not have to pay interest to anyone.

Your risk and stress are low. You truly are the boss of your business and your life.



Borrowing money



Your friends and relatives should not lend you money they cannot afford to lose. You have to decide if your relationship is worth the possible loss of money.

Some people call the money you borrow from your friends or relatives “love money”. If you want the relationship to live you will need lots of love and a little luck!

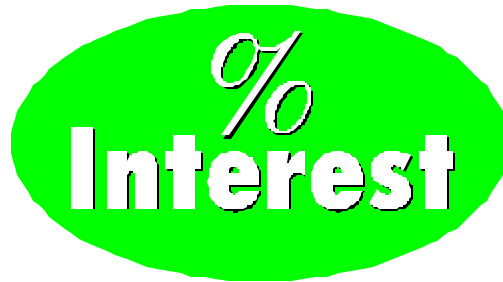
Love money is often given “with love” as the collateral. You must be sure that you can pay back the loan on time and in full. You should have a plan “b” or backup plan to repay the money should the business go under.

Be very honest with your loved ones about the risk they are taking. Tell them when you think you will be able to return the loan. Explain the backup plan you have to repay them.

People “who have been there” say you should talk about or negotiate the loan in a business-like way. A contract should be written up as to what money will be borrowed, and the timeline for its repayment. These contracts are called promissory notes and they are available at most stationery stores.

Getting loans from the bank

Most business owners (80% to 90%) have to borrow money from the bank at some point. Small business owners seem to have a hard time getting business loans.



To avoid the hassle of getting a business loan, you can get personal loans under your own name. You still need to have assets equal to the loan.

You do not need to have a business plan for a personal loan. If you need time to write your business plan, get a personal loan to start your business.



You will need to fill out a "personal worth statement" which is a form given to you by the bank for the personal loan. You will tell the bank what you own, what money you have, and what you have invested (assets). You will also have to tell them what money you owe (your liabilities).

You and your partner will have to sign the loan application if your collateral is in both names. If you have enough assets and show you can pay the loan back your signature should be all that is needed.

Money, Money, Money ...

Your credit rating is also very important. You might want to contact credit bureaus to check on it. Make sure their information is correct, and do what you can to clear your name regarding bad credit notes. If you have a good credit rating, and are able to pay back loans, you might be able to get a "personal line of credit." A line of credit lets you borrow money as you need it, up to a certain limit.

If you need money in an emergency, you can borrow money using your credit card, if you do not have it charged up to the limit already! This type of borrowing is costly with high interest rates, but it is hassle free, and gives you the money quickly.

Business loans from the bank

Bankers often do not think that small business loans are worth their time and effort. They do not think that small businesses succeed. They fear they will lose their money.

Part of the problem is that small businesses or home businesses are not taken seriously by bankers. In years past small businesses were seen as hobby businesses.

Small businesses were just something to keep "the little woman busy", or "the weird retiree" out of the house. At most small businesses were the second household income.

To get any money from a bank you need to have the right look, on paper and in person. Do a business plan, type it up and present it in a business-like manner to your banker.

Projections

Another part of the problem is that banks often see small loans under \$100,000 as costing them too much for the paperwork. Bankers want businesses to have a history or track-record.

What we need to do is give the bankers what they want and need...

information. Entrepreneurs sometimes do not give their bankers enough information to show the potential for growth of their businesses.

A small business bank loan involves a partnership of two people-the small business owner and the banker. In order for you to get your money, you will

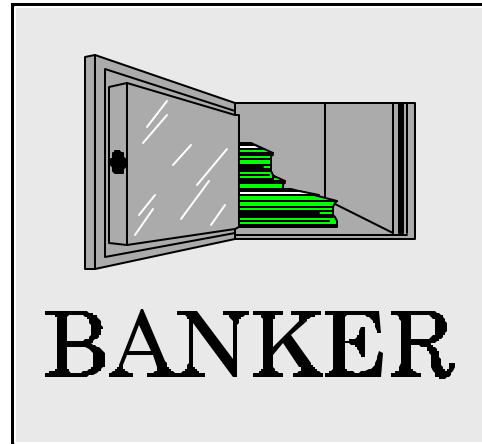
Money, Money, Money ...

need to understand where bankers are coming from and the rules they must follow. Make sure you interview and talk to your banker, just as you interviewed your accountant, bookkeeper and lawyer, before you hired them. Make sure “you speak the same language”, and they understand small business, especially yours.

Banker's rules

These are the rules your banker often has to follow. Keep them in mind when you are asking for a business loan.

1. Your local bankers do not make the rules. They have head office policies and rules to follow. (There is no point in getting rude or pushy: the rules won't change.)
2. Banks need to have you do the paperwork such as a business plan and personal worth statement for a bank loan. You need to be committed enough to do the research and prepare the information in an organized manner. (A short chat or handshake just won't work.)
3. Before a banker gives you a loan, you will have to have proof you have invested your own money in your own business. (If you expect them to have faith in your idea, you must have faith in it first and put your own money at risk.)
4. Bankers must make sure you have assets or collateral to cover the money you borrow. That security can be bonds, cash, your home or anything of value.
5. If you are turned down, ask the banker how you can make your request better. You can make another request at that bank or at another.



Private investors

Listen to this



Some entrepreneurs get money from private investors. They take out ads in newspapers asking for investors.

You must be careful about getting involved with strangers! Those who come bearing gifts might have hidden agendas. Ask questions and then more questions. Check them out.

Make sure their agenda is not to take control of your business. Maybe their interest rates are very high.

A safer way to find a private investor is to talk to professionals or other business owners you know. A good place to start is your accountant. Accountants often act as a "go between", between people who have money to invest and people who need the money.

Accountants will tell you to have your research and records up to date. You should have your business plan and personal worth statements in order.

You must be prepared to pay an interest rate that is higher than the bank rate. If a person is putting their personal money at risk, for someone else's benefit, they often want a greater-than-average return on their investment.

Government loans and guarantees

There is funding for small business through different departments of both federal and provincial governments. For regular businesses your provincial government is the best source of information and funding.

Most government funding is of the "last resort" type. If you cannot get loans or funding from banks etc., then you might consider your government.

Governments do not want to be in competition with banks, trust companies, credit unions and other lending institutions so they do not give direct loans. Instead governments offer loan guarantees.

Many government loan and loan guarantee programs assist incorporated businesses only. If you cannot qualify at the early stages of your business because you are not incorporated, you might think of your government later.

Again your paper-work is very important. You will need to look like you know what you are doing, on paper and in person.

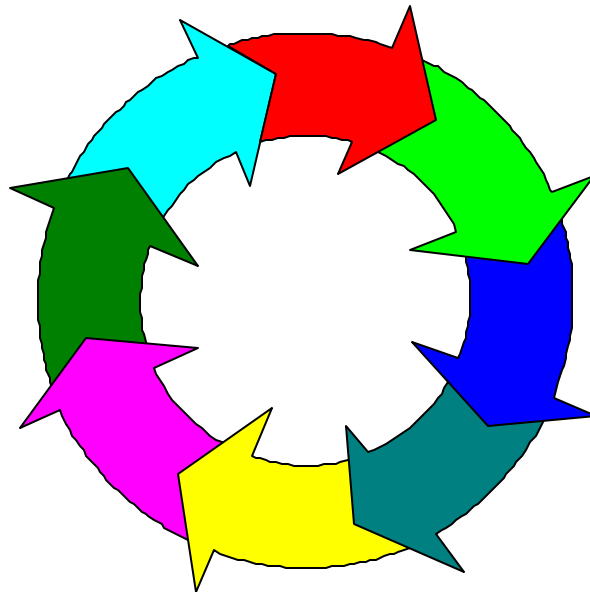
Peer lending circles

Peer lending circles are a new lending method in Canada. They have been part of the small and micro (very small) business scene for many years.

Peer lending circles are made up of other small business owners who support each other. All of you are committed to your business and those of your partners.

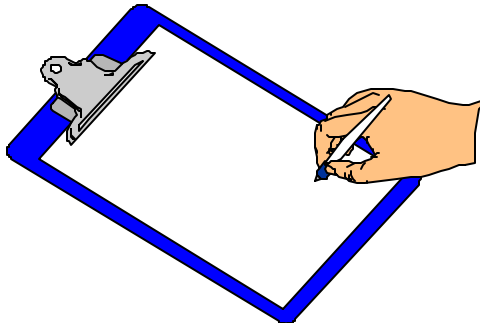
You each get a loan from a common community source, and commit yourself to helping each other to repay your loans. If one of you cannot make his or her monthly repayment of the loan, then the others must raise that person's payment. Some people like the support and commitment. Some entrepreneurs are too independent to join a peer lending circle.

In Canada your Mennonite Central Committee will be able to assist you in locating a peer lending circle group.



CHAPTER 7. CASH AND COSTS

Record-keeping



Keep Track of Your Records

Record-keeping can be a scary thought - it sounds like you need to be the type of person who liked school!! The key to record-keeping is doing it regularly.

All business records and paperwork such as bank statements, canceled cheques, contracts, invoices, and sales receipts **must be kept** for 6 years. Some records must be kept forever, such as minute books of meetings for an incorporated company, share records, general and private ledgers, contracts and agreements.

The first thing you need to do is to record or write down what money you have and what is borrowed. Next note how much the equipment you have or need is worth, including your office furniture and supplies.

To guess how much your operating costs or overheads are going to be is the hardest part of record-keeping. Write them down as you think of them: bank charges, car costs, accounting bills, rent or mortgage, utilities, part-time workers, etc..

There are people and books to help you learn this paperwork. If you get a bookkeeper to help set up the books it will be cheaper than getting an accountant to do it.

Money, Money, Money ...

You need to know:

How much money you need to start (the financial requirement)

Income statements (the future or projected money and costs.)

Cash flow statement (the cash value of your predictions).

The break-even point, where you do not lose money.

Financial records (the money coming in and going out).

A statement of money needed or used in the projection.

Your product costs

Before you can set a price for your product or service, you need to figure out the true cost of your product. Before you can create a cash flow forecast- an estimate of what money will come into your business and what money will go out- you need to cost your product.



It is important not to under-estimate your costs or to "undervalue" your service. Sometimes you will charge the "going" rate of your competition. It is still a good idea to check that price against your situation and costs.

You will need to do some thinking about the one-time start-up costs. If you are starting up at home these costs are much lower than if you have a separate place for your business.

As a homepreneur those costs might be: office set up, costs of furniture, equipment, stationery; other supplies (inventory), bank, lawyer and accountant fees; and name researching charges.

If your business is not in your home you will add the following start up costs: first and last month's rent, damage deposit, hook up charges for water, heat, power, and phone.

You will also have the costs of running a business or operational costs. These are costs that are on-going. They include: mortgage or rent, insurance, bank charges, telephone, light, water and heat, the costs of your own labor, staffing or workers, office supplies, other supplies or stock (inventory), and raw materials.

In order to figure out your costs and what income you need to cover those costs you need to keep track, keep records, do your homework.

Money, Money, Money ...

To cost your product, find the cost of the labor and materials to produce one unit of your product or service, and then multiply it by the number of units.

If you sell your time, keep time records for your phone calls, work and thinking time. These records also help if you charge a flat rate to do something; you can make sure your rate is accurate.

When you are recording the costs of employee time and labor make sure you think about other costs such as unemployment insurance, pensions, and worker's compensation.

When you are sending your bill to your customers, list what you did as much as possible.

Product pricing math

Earnings

1. You will need to decide what you need or want on an hourly or daily rate. If you want to make \$20,000 per year, you will decide what your hourly rate is.
2. First you decide how many days you will work. If you take one month holiday and weekends off, you will have 238 working days. If you plan to have 6 bill-able hours a day, you multiply 238 days by 6 bill-able hours = 1428 hours/year.
3. Then to make \$20,000 a year, you divide 20,000 by 1,428 = \$14.00 per hour.

Price tags

Now you will need to price your product or service. It is not as hard as you might think. You will need to do some thinking and writing on paper. Here you will do some basic math - fill in some easy formulas.



The price for your product or service is very important. If you charge too much no one will buy it. If you charge too little people may think it's cheap and no good.

So you need to think of some price tags:

- the price this business is going to cost you
- the price it will cost you for your product or service
- the price you will charge your customers.

You will need to know what you want or need to earn as an hourly or daily rate.

You need to think: **labor + overhead + profit = price.**

Costs, competition and markets are things to think about. Your price will need to cover your costs and be near the price your competition charges.

When you are figuring out the costs of your labor or the price of your item or business, you must think about how much money you need to live on.

Money, Money, Money ...



You need to think about how many customers you will have or how much of a market there is for your business. Part of the thinking behind your pricing will be how much business you are likely to have.

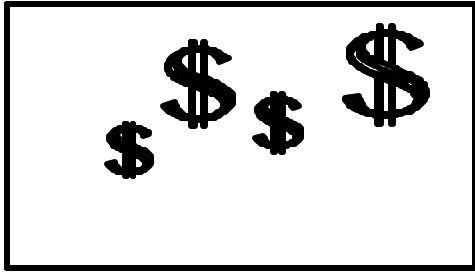
If you study the market you can find the price of the product or service sometimes has little to do with the cost of production. You need to know “the price the market will bear.”

You will need to think about:

- What will you charge for your product or service?
- How much or many of your products can you sell?

You will need to do some guessing, predicting, and forecasting to get an idea of what price you should charge. You need to cover your expenses, and yet have a price that will sell.

Cash flow



The whole purpose of having a business is to make money or a profit. The bottom-line is to have more money coming into the business than going out to cover costs.

To come up with a money map or financial plan is your next job. You must think about the cash flow of your business. This planning is very important for your business plan.

By understanding what the cash flow in your business will be, you are able to tell when you can probably spend more money. You might want to give bonuses, or buy more supplies and equipment.

To guess what your cash flow will be, your cash receipts and cash payments are estimated and put into the month in which they happen. This gives you a cash flow forecast.

The cash flow into your business is the money from the sales of your product or service. In the beginning, before there are sales, you will need to have your savings, loans or investments as money coming into your business.

An important part of a cash flow forecast is to know the costs of making your product or service, and having a price that covers those costs and gives you a profit (covered in Chapter 6).

You will need to know the price you charge for your business, and how much business you will get.

CHAPTER 8. MARKETING AND PROMOTION

Marketing research



You need to do studies of your customers, so you know if there is a “market” for your business. When you know there is a market, you need to figure out how to promote or sell to your market. Some people call this “marketing”.

You need to study your market during your start-up phase. Then you need to look at the future market trends. This is so you are part of that future. To study your market you can

contact Statistics Canada, your Chamber of Commerce, libraries, colleges or universities, or distributors.

The testing of a business idea is important. Get people to answer questions about your business by mailing out questions or phoning them. You can also test your product or service with people from your market, or groups of people that can give an opinion on your business (focus groups).

What do your customers have in common?

Do they need your product or service? Do they know they need it?

Is someone servicing your market now? Are you going to move into existing markets or start in new market areas?

Will your business be for men or women or both?

Who makes up their households? Two adults - one income; two adults - two incomes; single adult?

What age group are they?

Marketing and Promotion

Do they have kids? How many? What ages?

What age group are they?

What level of education do your customers have?

What is their income? What work do they do to make that income?

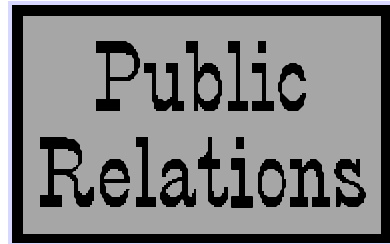
Do they rent or own their homes? What kind of homes do they have - apartments, row housing, or houses (single family dwellings)?

What are their lifestyles, their beliefs and attitudes?

What are their hobbies, sports or recreational activities?

Marketing

First you study your market. Then you will need to find out how to market your business to your customers. What is marketing?



Marketing includes: studying and researching; advertising; creating a demand for your product or service; getting your product to your customers (distribution), and pricing.

It is important to know your customers' needs and wants. Then you can market your product or service to meet the customers' needs. To meet that need you must "speak their language," in person and in your advertising.

In doing your marketing study and research, talking with your customers is the key.

The 4 methods of marketing are:



advertising

direct sales

mail

promotion

Advertising can be in print, such as newspapers and magazines, or flyers and brochures. It can also be in the electronic media of television, radio and computer web pages. Word of mouth is the cheapest and best advertising around.

Marketing and Promotion

Advertising lets your customers know what you have; it's a way of getting the information out to your market. It is also a way of creating a demand for your product or service.

Direct sales is when a person has a booth for direct sales or goes door to door. Mail order business can be from a catalogue or a computer.



The location of your business is very important. Your business must be easy and comfortable for your customers to use.

You must be careful in deciding what your product or service will be. People must want or need it and be willing to spend money on it.

The price of your product can make or break your business. The price must cover your costs, but be cheap enough for customers to buy it.

Promotion

Someone once said, "Having a business and not advertising is like winking at someone in the dark. No one knows what you are doing".

You will get more value for your dollars if you think of:

1. your markets
2. your business goals
3. introducing new products or service

The 3 P's of promotion are:
product, place and price.



Your product or service will cost more in the beginning. As sales grow, costs should fall. If your product is a fad, timing is very important for your promotion. You need to sell many items before the fad or fashion changes.

The place or location of your business also adds to your promotion equation. You can do a lot of promotion, but if you cannot connect with your customer, it is a waste of time and money.



Price is last but not least. You need to look at:

1. cost of production, profit
2. your business goals
3. introducing new products or service



The cheapest and some say the best way of promotion is through customer happiness with your product or service.

More costly customer gimmicks are having contests or give-a-ways, or offering discounts and coupons.

Getting a media (newspaper, radio or television) story done about your business is the best free promotion. You spread the message of your business by personal contact.

That can be at an Open House, your sport club, or volunteer and service work.

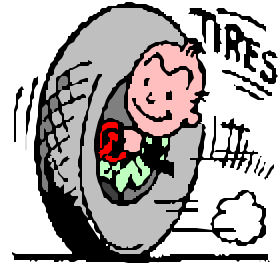
You can advertise in newspapers. Classified ads are the cheapest, and you usually pay by the word. A display ad has a box around it. This type is more costly. You pay by the column inch.

You can also join the electronic age and advertise on the Internet or create your own web page.

Naming your business

The name you give your business should “fit like a glove.” Look through the yellow pages and get some ideas.

You will also need a logo: a little picture or graphic that sets your business apart, and makes it look interesting and successful.



All of your business cards, letterhead, flyers, brochures, print ads and even the sign at your business should carry the business name and logo.

You will have to make sure no one has the same name for the same kind of business.



Make sure your chosen name looks good on your business card, and your letterhead.

There are some things to think about when you are picking a name.

___ Is it easy to read?

___ Is it easy to remember?

___ Is it easy to spell?

___ Does the name tell people what you do?

___ Does the name allow you to expand or change your business without changing the name?

___ Does it “fence you in”?

___ Does it make you proud?

CHAPTER 9. YOUR BUSINESS PLAN

What is a business plan?



A business plan is like a road map. You would use a map if you had to go somewhere new. You need to use a business plan for this new adventure. It is your plan, your dream. You write the plan; you create the map.

You have already created most of your map, or written most of your business plan, if you have answered all the questions earlier in this manual. Now all you need to do is put it all together on paper or on video or tape.

The business plan is a map or guide for you to start and then keep your business going. Your plan should be flexible.

Keeping your business going is the key. Almost anyone can start a business, like anyone can start a race. It is how you run the business or run a race, that is important.

Your business plan is a selling or marketing tool. You will use it to sell your business idea. Everyone is short on time, so make sure it isn't any longer than 25 pages.

A business plan should answer the following about your business:

1. **Who** are you and your partners or staff and **who** is the competition?
2. **What** is your business product or service?
3. **Why** did you choose that business (market survey)?
4. **When** will you produce and market that product to your customers?
5. **Where** will your business be?
6. **How** will you get the funding to start up and run the business?



6

There will be 6 sections to your business plan:

1. The history and background of your business idea
2. Your product or service and the marketing of that product
3. Who makes up the management
4. The daily operations and staff
5. The buildings, equipment and land for the business
6. Your financial plan



Why have a business plan?

Creating a business plan helps you to think about you and your business. It makes you think in a very organized way - step by step.

When you do your business plan:



1. You have to think about your business idea, and all the related factors, before deciding to go ahead with your plan.
2. You set your goals to make your dream come true. Then you have a "map" to follow, and have a way to measure your success.
3. You will be able to get money from banks, lenders and investors. They want to know you have thought about this and laid out a step by step plan. They want you to answer their questions before they even ask them.

If you have a business plan, it helps you to tell others what your dream is and how you plan to make it come true. Who are these "others" who will want to see your business plan? Many people. They are:

your family

your small business counselor

your municipal council



You need to have a business plan for the short-term goal of starting your business. It helps you to decide where, why, when and how you are going to start your small-business.

Your Business Plan

You use your business plan to keep your business going for the long-term.

You can change your business plan, just like you can change the road you use on a map.

There are three parts to a business plan:

1. the business idea,
2. the marketing plan,
3. the financial plan.



How to make your business plan look business-like

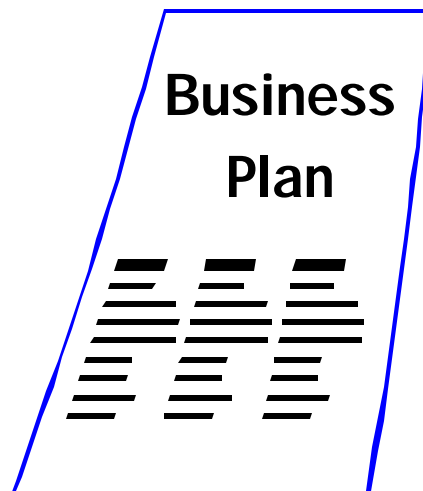


If you want to be taken seriously, you will need to be serious about your business plan. You need to know what you are doing. It must look professional. It needs to be typed. There can be no spelling errors. Find a computer to use. Computers are easier to use: with computers you can use spell checks, grammar checks; mistakes are easier to erase, you can arrange your material, you can change the size and shape of your type (font).

Most libraries, some social agencies, some community centres, even some coffee shops, have computers. If you can't type your plan, find someone to type it for you, or take a computer course along with your small business course!

Your business plan includes:

1. a cover letter
2. a title page
3. a table of contents
4. an executive summary
5. appendices





1. **Cover letter:** This letter tells your readers about you and your company. Tell them why you are writing the business plan. Talk about the best parts of your plan.
2. **Title page:** (Remember your school reports!) This is the first page of the report with your name and home address, your company name and address, and both phone numbers. Put the date you are submitting the business plan.
3. **Table of contents:** This is a list of the topic headings and subheadings of your business plan. Across from each heading is the page number to find the information.
4. **An executive summary:** This is the most important part of your business plan.

Many people will only read this part. This is where you need to sell your business idea. Give the highlights of your plan, include start up costs, what money you have in the business, what funding you need, and what security you have to back up any loans.

5. **Appendix:** Have copies of legal papers, photos, resumes, surveys, etc.

Your business plan idea

You will first have to give some of the history or background on your business idea. In your business plan, talk first about your business idea.

- Talk about yourself, the other owners or partners, and staff. (Owners are any people who have put money or value into it.) Give each person's name, address and how much they own.
- Give the start-up date and a short history of the company.
- Is the business going to be a retail, service or a manufacturing company?
- What is your product or service going to be?



- What are the short-term and long-term goals of the business?
- What are the plans to meet those goals?
- Give your company's legal status. Is it to be a sole proprietorship, partnership, or a limited company (an incorporation)?
- If it is to be an incorporation, what was the date of incorporation, or when did you become a limited company?
- Talk about where your business fits into the world of business and industry.
- What are the trends of your industry? Where is it going, why do you think that, and how do you fit into that trend?

Your business plan for your product or service

Listen to this



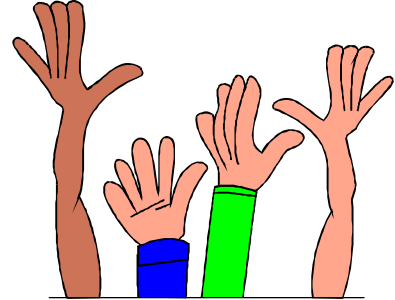
For your investors this is an important part of your plan. Talk about your product or service. What makes it different from all others?

- Talk about your product or service in great detail, and what makes it special.
- Describe what your businesses strengths are and what you are doing about the weaknesses.

- Tell why you created it (is there a prototype?).
- Talk about equipment or technology you need to make it.
- Write about any copyrights, industrial designs, trademarks, patents, and other technological developments you have for it.
- How are you going to get it delivered to market?
- How will you promote your business or product?
- What rules and regulations are you to follow, and how are you doing that?
- Talk about any timelines you have for your business.

The business plan's list of who's who

In the first part of your business plan, you mentioned who your investors and partners are. Now you should give more details about everyone involved in your business.



Who's Who

- Give a description of the company's organization or management format. (Who is the president, vice-president, office manager, who looks after the books, etc.)
- Write a short story or biography about each person, even managers. Include their education, experience and skills.
- Each brief or resume should say how each person fits into your business, and how their work or skill will make the company successful.
- The salary, wages, and other forms of payment or reward also go here in your business plan.

Your business plan - Buildings, Equipment, Land

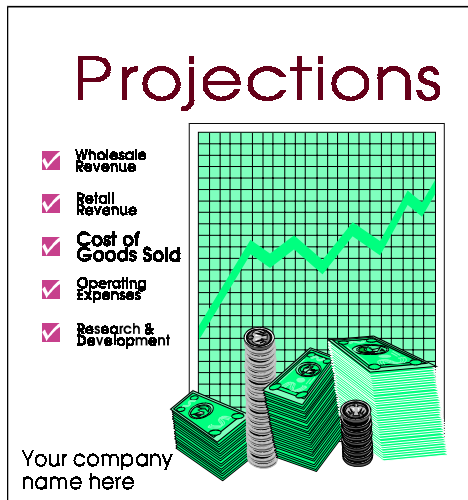
Now we need to talk about the equipment, buildings and land that you will be using for the business. You will need to talk about your “green” plan, or how you are going to handle environmental concerns.



- Give the details of your work space, even if it is part of your home.
- Write of your plans for expansion and renovations as needed.
- List all the equipment and machines. Include the costs to buy them and set them up. Name your suppliers.
- Discuss the size and costs of land and your site plan.
- How has the site been used in the past? How were chemicals and toxins handled in the past?

Your business plan's day to day plans and costs

You need to talk about how your product or service will be produced. Discuss your day to day operations, and costs and sales. You will need to guess, estimate or forecast money that will be coming in and going out.



- Create a work flow chart. Give details about how your product will be created.

- What are the costs of office supplies?

- Costs of supplies and raw materials must be given, along with payment and credit arrangements.

- Detail your suppliers, who they are, and how they fit into your plan.

- Give details of what products will be ready, and when (production schedule).

- What quality control measures will be taken?

- Talk about what how you will keep track of your stock or inventory.

- Outline the system you will use.

- Give details of your staffing plans, including rates of pay and schedules for seasonal demand.

Your business plan's marketing study and plan

In this section talk about the results of your marketing study and research. Discuss how your business fits that market.

- Who, what, where is your target market?
- What share of that market will you have?
- Why is there a market for your business; what is your market advantage?
- How do you figure out what your price needs to be?
- How does the price of your product fit into your marketing plan?
- How will you get your product or service to market?
- Who will be selling your product?
- Will they be paid by sales commission or by salary? How much of each?
- What is your advertising and promotion plan?
- The names of your competition?
- Your competition's market share?
- How is your product or market better or different from theirs?

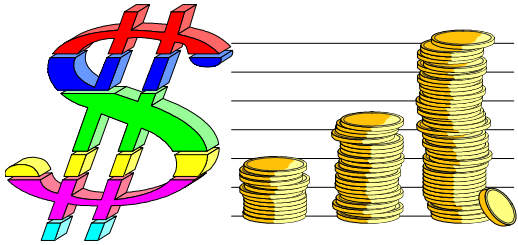
BUDGET PROPOSAL



Your business plan's financial plan

This part of your business plan is likely the most confidential. Bankers, lenders and investors want to see this section.

When you give your business plan to others to explain your business idea, you will not have to include this part.



- Report on your "personal net worth": what you own, what money you have put away, your investments, what income you will have, what your expenses will be, including your personal living costs.

- What will your business start-up costs be?
- Give income statements and balance sheets (if company already exists).
- State what income you think will be coming in, going out, etc., for 1 to 3 years. These are called "Financial Projections."

- projected cash flows
- income statements
- balance sheets
- break-even charts

Projections

- Detail where you will get funding. Include: banks, credit from franchisers or suppliers, friends, government loans, investors, and lenders.
- List your loan repayment schedules.

Your business plan's references

In this section you will need to list the names and addresses of people you plan to use as references. References are people you know and who know you that will support you in your business plan.

Make sure the people you list on your business plan as references know you plan to name them. Get a feel as to if they support you and are willing "to put in a good word for you."



References:

- Financial advisors - bankers, creditors, investors, lenders, counselors
- Professional advisors - accountants, advisors, lawyers
- Business - You should name two or three people you worked with or who know you from the working world.
- Personal - You should also have two or three friends' names or personal references in your business plan.



Your business plan - who are your competitors?



As part of your marketing plan and business plan, you need to think about your competition.

How do you find out about your competition? Look at trade newsletters or magazines, the telephone yellow pages, ads on TV, in the paper or on radio; read annual reports. You can also "go shopping for competition" or go to a trade show.

Make a list of which local companies are your competition.

Where are those businesses?

List what products or services they have.

Talk about the quality, quantity, price and profit margin of their products.

Note how their products or services are like and different from yours.

Talk about what good points and not so good points they have.

How and where do they advertise?

What is their pricing policy? Do they give discounts?

Has their share of the market gone up, gone down or changed, and why?

Chapter 10. Communication

Communicating



As a self-employed person you may not have a boss, but you still must talk to and understand - communicate with - many people. People skills are just as important in business as paper (math and planning) skills.

You need to communicate with: your family members, your customers, your suppliers, your business advisor or mentor, your banker, your accountant or bookkeeper, your staff, your landlord, licensing regulators and government people.

We communicate for many reasons:

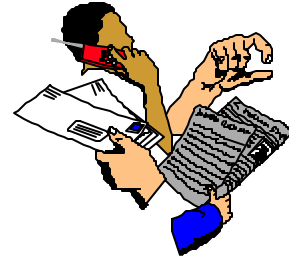
1. to give information
2. to persuade or have someone think like you do
3. to impress or make them think well of you
4. to be funny or entertain
5. to make a deal or negotiate
6. to help, encourage or support
7. to direct or manage someone
8. to learn.



Ways of communicating

There are many ways to communicate or "send a message" to someone, such as:

- talking person to person, face to face
- talking to someone over the telephone
- talking to many people by giving a speech
- writing a letter or note and mailing it or sending it by courier
- writing or typing a message and faxing it
- sending a message through the Internet - email style



- talking on the radio or television in an interview or an advertisement
- having a letter to the editor in the newspaper
- having a web page on the Internet

Yours, mine and ours...

As someone once said, "*There are three sides to every story: yours, mine and the truth.*"

A good business person must be able to tell his or her side of the story and understand the other side. In this way, you can move from conflict to compromise.

When you compromise you do not always agree with the other side, but you accept the outcome. To be able to compromise is a sign of being a mature person, or a "thinking" adult. If you work only with your emotions, you will not succeed.



Most of us did not learn how to communicate in school. The best way to talk to someone is to use I statements. I think this...I feel this...I see this..., rather than You did that... You made me feel this... etc.

If you talk this way the person will be less "defensive" or feel he has to yell or fight to make his point. Others are more likely to hear you and understand you. People tend to stop hearing you when they are trying to think of the next thing to say to stick up for themselves.

Communicating with people means you are talking with someone, sharing ideas, opinions, information and feelings. It means you are giving information, but also taking in and understanding information.

Face to face talks or conversations mean two or more people are talking and listening. If just one person talks, it is a speech.

Sending and getting messages

Two things are happening when we are communicating with someone.

The Sender of the message talks to/communicates with The Listener or the Receiver of the message.



Do's for the Talker or Sender of the Message:

- know clearly what you want to say
- write down or say key points out loud

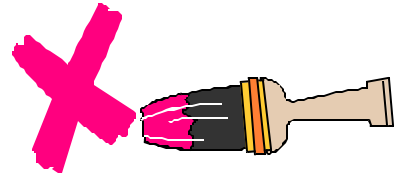


- practice what you want to say until it is easy to say
- remember to use "I" statements
- pick the right time and place to talk
- look at the person you are speaking to
- speak clearly
- think about the feelings of the other person
- change what you are saying or your tone of voice if the person is getting angry

- check to see if the other person understands you.

Don'ts for the sender of the message:

- do not use "You" or blaming statements
- do not tease, make fun of or put down the other person
- do not talk so much that the other person has no chance to talk
- do not use words that the other person does not know the meaning of
- do not tell lies, pretend or exaggerate



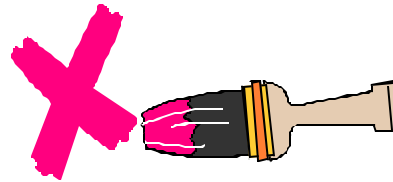
Do's for the Listener or Receiver:



- Look at the person who is talking
- Look like you are listening by moving your head or making short comments
- Listen for items you agree on
- Try to understand how the speaker thinks and feels
- Give "feedback" or a short "summary" of what you understand the speaker said

Don'ts for the Listener:

- Do not interrupt the speaker
- Do not fuss, fidget or distract the speaker
- Do not change the subject if the speaker is not done talking about the topic



Ways I am a good communicator:

Ways I can communicate better:

Body Language

Communication is about sending and receiving messages. People communicate with words and without words. Without words, some call it non-verbal or no-words communicating.

If we read cartoons with no words or watch a "mime" (acting without words), we know 50 per cent of communication is what we say with our body - body language.



We get messages from different parts of the body: forehead, eyes, lips, gritting of teeth, arms, chest and legs. The way we sit and stand, how close we get to another, and how we move our hands, arms, and legs sends a message.

Communicating without words includes: muscle tightness or tension (for example a relaxed smile), position of body parts (crossed legs and arms), position of a person near another person, and clothing.

The following are examples of non-verbal communication with your face:

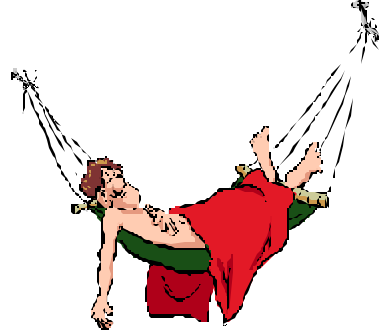


- a broad smile, or the opposite - a closed mouth, teeth tight together
- quick movement of the eyes
- a person not looking at you while listening
- jaw and mouth dropping open

Communication

The following are examples of non-verbal positioning of your body:

- arms and legs crossed
- slumping in a chair
- sitting leaning toward someone
- hands tightly clenched
- the quick movement or tapping of fingers or feet



The way we sit or stand around someone sends messages:

- sitting with our body turned away from someone
- sitting on a chair higher than the other person or standing above them
- putting a desk between you and your guest
- sitting too close or too far away from another person

Chapter 11. Summary

There are a variety of reasons that people choose self-employment. This country's last recession forced many people into trying it because they could not find jobs in the existing workforce. Still, in Canada, it is small businesses and not large corporations that are creating the majority of new jobs in Canada. There are many contacts for support provided throughout the country.

There are good and bad points about becoming your own boss.

There are several things to consider when you are starting a new business.

Are you the boss type?

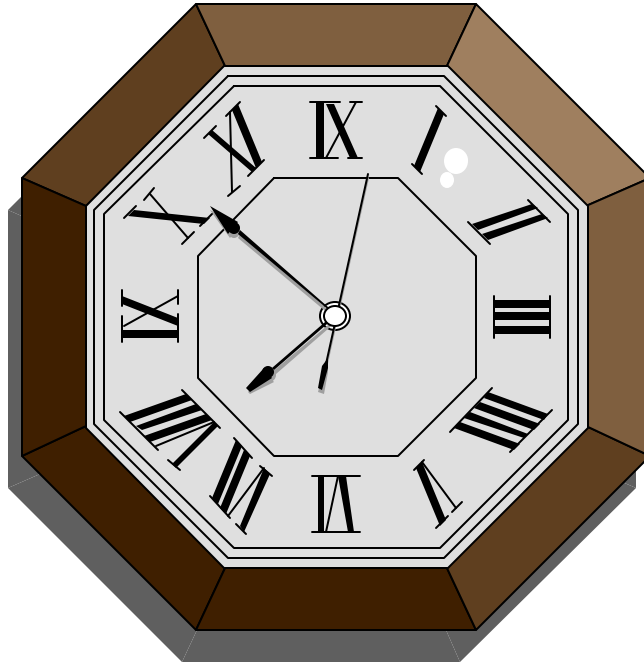


You need to consider the skills you have, and choose a business that would best use these skills.

- How much information do you have about this type of business?
- Do you know what will be expected of you?

Summary

- Are you able to commit to the time and energy the business will require to be successful?



- Do you have enough support personally to take on the tasks that will be expected of you, without feeling overwhelmed by them?
- Have you researched the supports available to your business at the local, municipal, provincial and national levels?

You must decide which type of business you are best suited for:

- selling
- servicing, or
- assembling.

Summary

It is best to have two or three related business ideas under one name. This allows more opportunity for you to be successful.

As they say, "Don't put all your eggs in one basket."

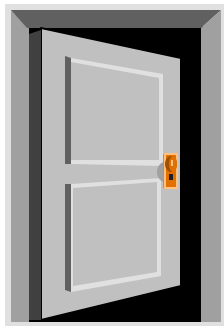
You will have to make a careful study of what level of need there is for the business you have in mind.

It is very important to choose the best location possible, once you have considered:

- who your clients will be
- how easily your clients can reach your location, and
- how much it will cost to keep the location running.

The easiest way to become self-employed is to become a homepreneur – to work from your home. This makes it easier to make sure that the rent and utility costs are covered.

Remember, though, that it is important to keep your business separate from your home. A door will help keep a balanced life.



Closing the door should help you to turn your back on what needs to be done around the house while you are in your office. It will also help you to focus on your home life after work.

Remember to account for any extra power that might be required, by setting up your breakers properly.

Summary

It is very important that your family is made aware of how this business will affect their lives. Often people will make their family members a part of their business.

Whatever you decide, it is necessary that everyone who will be affected by the business is prepared for what effects it may have on his or her life.

Your community will probably be affected by your business in some way. It is important to ensure that you try to make as little impact as possible.

Accountants, bookkeepers and lawyers, along with representatives from the federal, provincial and local governments, are available to provide help to you while getting started in your new business.

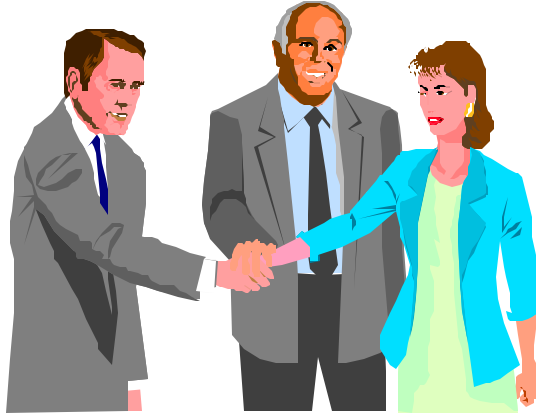
- Industry Canada and the Canadian Labor Code are available to ensure you have all the information you may require about your business.
- Licenses for agriculture, communications, importing and exporting, fishing, manufacturing, or interprovincial and international transportation are available.
- There are also definite laws with regard to
 - labeling products
 - weights and measures, and
 - patents
- Revenue Canada will assist with payroll deductions and provide information about taxes.

You will need to decide whether you will be the sole owner of your company or whether you will take on one or more partners.

You will need to carefully review all good and bad points for either type of ownership.

Summary

If you decide to enter into a partnership with one or more other people, be sure to make a clear plan with your partner, and with the guidance of a professional, about how you will deal with the typical situations that may arise within a partnership.



If you are considering buying a business, be sure to review the company's balance sheets, income statements, tax returns, sales, purchase orders, and bank deposits.

It would also be beneficial to talk to the banker that has been handling that account.

You will require a lawyer to construct a written contract outlining exactly what assets and liabilities are to be yours. There are key questions that will need to be answered. These questions will relate to various aspects of the business's history.

Answers to these questions will be key as they will determine whether you choose to buy the business or not.



If you feel you would be more comfortable being part of a team while running your own business, the franchise could prove best for you. Franchises are the fastest growing kind of business in Canada.

Summary

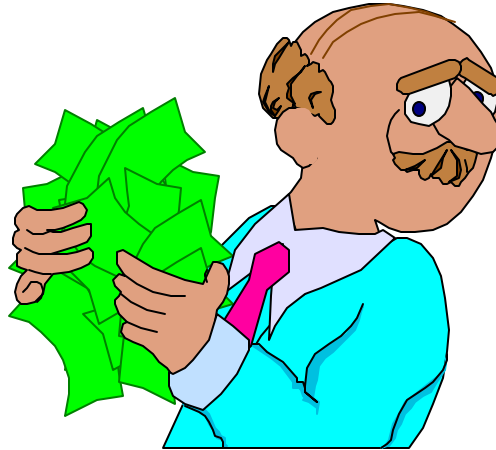
Location of your business, if you choose not to work from your home, will be key to its success.



- Sales and service business people want to ensure that customers are able to find their location with ease.
 - The business needs to be where potential customers are.
 - It should be accessible by transit and there should be parking available for those who use their own vehicle.
 - Manufacturing businesses need to be run according to zoning and environmental rules for the location involved.
 - Costs should be kept at the lowest rate possible.

Remember, the secret to success in your business life will mean that you use only what money is necessary to get you started and to maintain your business.

Summary



Borrowing money can be very stressful. The more risk, the more stress.

The best way to start your business is to have saved the money you will require, although this money can come from a variety of sources.

- Most business owners have to borrow money from the bank to start their business.

Small business owners often experience difficulties being approved for business loans. If you are applying for a business loan you will need to have a detailed business plan to give to the loans officer.

- This plan must include the names of investors and partners.
- It will detail the use of buildings, equipment and land, and will outline day to day expenses and expected profits.

Bankers have strict guidelines to follow when deciding whether or not to approve a business loan. To avoid the hassle of getting a business loan, you can apply for a personal loan under your own name.

- You will need to have assets that are equal to or more than the amount of the loan.
- You do not need a business plan for a personal loan.

Summary

- You will need to fill out a “personal worth” statement. This will determine how much your assets are worth.

Your credit rating will be very important in determining whether you will be approved for a personal loan. If your credit rating is good, you could be approved for a personal line of credit.



Sometimes entrepreneurs are fortunate enough to find an investor in their new business.

Don't forget to see if you qualify for funding from the provincial or federal governments. The provincial government is the most likely to offer financial assistance.

Peer lending circles are a new form of lending for small business owners in Canada. They are made up of other small businesses that are supportive of each other.

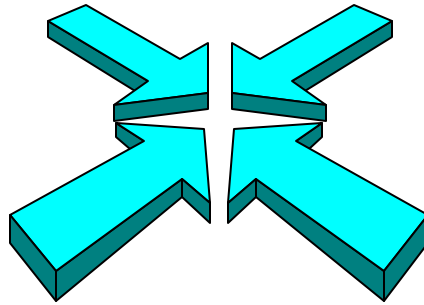
All business records and related paper work need to be kept for at least six years.

You will require an efficient filing system. Financial statements, especially, must be accurate.

It is important that you have a clear plan as to what you expect to earn and what you expect to spend to start and maintain your business.

Summary

You will need to market your product or service effectively. To accomplish this you will need to research your prospective clients and market trends. Public relations can make or break your business.



The four methods of marketing are:

- advertising
- direct sales
- mail
- promotion.

The name of your business should “fit.” The Yellow Pages will provide some good ideas.

Never forget the significance of positive communication skills when running your own business. Verbal and written communication sends definite messages to customers and business associates. Be aware of the messages you send, verbally and non-verbally.



Summary

There are many facts to consider before starting a new business. You need to research all aspects of the business before making the decision to go ahead with your plans. It is essential that you are realistic about your expectations of the business and what your responsibilities will include.

Proper planning will provide the best possible opportunity for success.

